The Nation's Business

What Industry Can Do for Workers
Forward Firms Offer More to Men Than Union Leaders
Western Cities Face Financial Crisis
Need Adjustments
Embattled Investors Defend Themselves in Reorganizations

# THE FINANCIAL POST

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## Industry and Its Workers

WORKERS are people," says an article in "People," the house magazine of the J. Walter Thompson Company.

The article cites a number of psychological studies of factory employees, indicating that the satisfied worker, who feels that he is getting a square deal from his management, ranks highest in production and efficiency.

The statement is quoted that:

"An industrial concern is not only an organization for the promotion of economic purposes; it is also a human organization in which the hopes and aspirations of individuals are trying to find expression."

• • •

MOST successful concerns are that because they recognize this human factor in their business. More and more companies are gearing all their administrative and selling policies to the human needs of their workers. The president of one such company, in Nashville, Tenn., tells in the executive service bulletin of the Metropolitan Life Insurance Company of how this policy works. Each year the company posts a notice reading:

"This plant will be run continuously every day during the year."

During its 75 years of history the company has given continuous employment every year except one—a year of dark depression. It has 1,200 workers. The company makes its sales policy fit the production schedule, rather than the reverse. Not all companies could do this, but wise executives nowadays seek to iron out working peaks and fill in the valleys, not merely because there is more profit in such a policy—often there isn't—but because the factory worker needs security of employment.

• • •

A VERY famous company with plants in Canada and the United States has recently been having labor trouble in its plant, inspired by outside organizers. The president writes to an executive of The Financial Post that he is standing by the company's plant union, although he is forced to carry on negotiations with outside organizers. He says:

". . . we are fighting for principle. We are going to keep our flag high and not go down unless we are absolutely compelled to. Freedom of management is essential to success. Courage is the thing we need on the part of businessmen and politicians."

This company, for nearly a century, has been a leader in promoting the social welfare of its employees in all phases. There has never been profiteering or money-grabbing in its activities. It has long been hailed as a model in its labor relations.

Yet today the company is assailed by labor organizers from outside the plant who would disturb those harmonious relations. When the president of the company says that, in opposing the outside union, he is fighting for principle, he means that he is fighting for his employees and his customers as much as for the owners of the business. The record of his company gives him the right to say that and to be believed.

• • •

IF AND WHEN labor unions are able to offer an efficient formula for putting industry-worker relations upon a human basis of understanding, unions will be welcomed with open arms. Up to now, on this continent most union leaders have been more short-sighted and selfish than the leaders of industry. As the writer of the J. Walter Thompson Company article puts it:

"Indeed, the most telling criticism made against union labor today is not that the functions it assumes are unnecessary, but that it fails to perform them. Too often the leader of the organizer-promoter type 'pooh-poohs' the honest efforts of management to solve human problems which it cannot avoid, while offering nothing to take the place of these efforts. For every company official who takes pleasure in the rôle of benevolent despot, there are a hundred waiting hopefully for a genuinely responsible representative of labor to put in an appearance."

There are scattered industrialists who have no flag of principle to fly. They are in a vulnerable position and must line up with their more enlightened brethren in industrial administration or go under.

If sincere and honest union leaders were to concentrate on the backward firms they would help workers and industry alike. But a large percentage of current strikes are aimed at the most forward, enlightened industries, which have progressive labor policies in force. This arouses misgivings as to the sincerity of the new C. I. O. type of organizer. Their inability to stick by agreements made has already cre-

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# Int. Hydro Hit By Can. Hydro Modified Plan

### Extra Compensation Goes to First Preferred Stock

### LESS FOR COMMON

From Our Own Correspondent

MONTREAL. — First preferred shareholders of Canadian Hydro will get a larger share of the equity, at the expense of the second preferred and common stock held by International Hydro-Electric System, under the revised plan covering the merger of Canadian Hydro-Electric Corp. with its operating subsidiary, Gatineau Power Co.

Under the original plan, first analyzed in detail by The Financial Post, the first preferred shareholders of Canadian Hydro were offered for each share of 6% preferred held, together with all rights including $12.50 of dividend arrears, one share of Gatineau Power 5% preferred stock and one share of common. The second preferred was offered 5½ shares of Gatineau common for each share, while each common share was offered ⅛ share of new common.

Holders of substantial blocks of the first preferred shares, including the Association of Investment Trusts in England, expressed disapproval of the plan claiming that the one share of Gatineau common was not sufficient compensation for the reduction in the dividend rate from 6% to 5% and elimination of the dividend arrears.

#### Compensation Increased

To meet the views of this group the plan was modified to increase the distribution to the first preferred shareholders by an additional one-half share of Gatineau Power common.

This announcement was made over the week-end, but an all-important point had not been settled at the time—whether the additional stock would be provided by an increase in Gatineau Power's issued share capital or would come out of the amount allotted in the original plan for the second preferred and common shares, all of which are held by International Hydro-Electric System.

Final details were not worked out until July 13, after a series of meetings in Montreal. The views of certain large Canadian holders of the first preferred were accepted. It was agreed not to increase the number of issued shares to cover the additional stock to be given to the first preferred, but to decrease the number of common shares to be received by holders of the present second preferred and common stock.

As a result the plan now provides that each share of second preferred will receive 5.27608 shares (or about 5¼ shares) of new common instead of 5½ shares, while the common will receive 12-100 of a new common, instead of ⅛ of a new share.

#### Distribution of Common

Following table shows the distribution of Gatineau Power common stock to the security holders of Canadian Hydro under original and modified plans. The number of new preferred shares, of course, remains unchanged.

New Stock Division

| | Original Plan | Modified Plan |
|---|---|---|
| 1st preferred ........ | 121,960 | 182,940 |
| 2nd pref. and common | 1,500,000 | 1,439,020 |
| Total ................ | 1,621,960 | 1,621,960 |

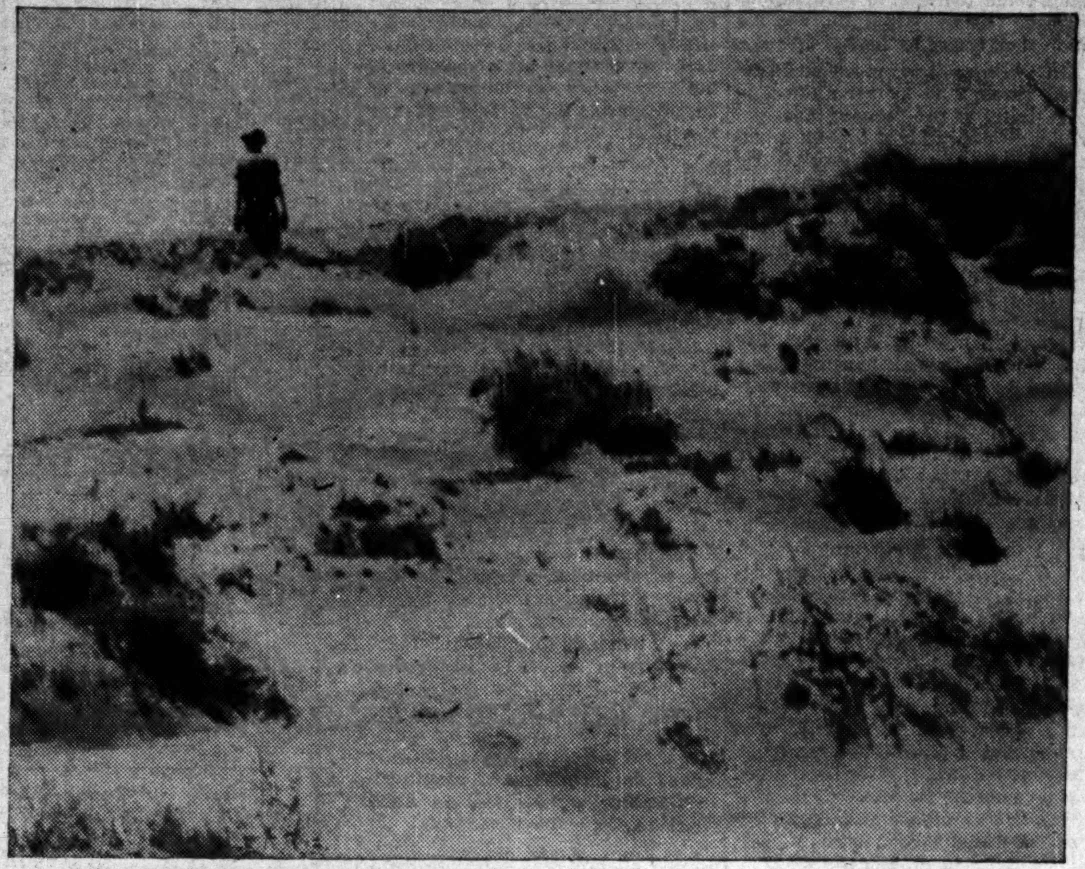
Prior to the meeting, over 65,000 shares were listed in favor of the plan, not including certain shares of the English investment trusts which were to be voted for the plan and represented at the meeting in person and not by proxy. Proxies covering about 6,000 shares had been received by the company to be voted against the plan.

At time of going to press Rt.-Hon. Arthur Meighen, head of Canadian General Securities, was still opposed to the plan in its modified form. His voting strength is believed to be around 10,000 shares.

Mr. Meighen has indicated that he may carry his opposition to the plan into court where the scheme must be approved finally. He comments: "It will probably be necessary to see what the courts think of this method of dealing with preferred shareholders."

#### 50% Quorum Required

Under the by-laws of the company it is necessary to have one-half of the outstanding shares for a quorum, and to muster three-quarters of the votes present at the meeting to pass the plan.



WHERE DROUGHT IS VICTOR

Once fertile farm land, this is what some of southern Saskatchewan looks like today. It resembles a desert in most points, where there is a 100% wheat failure and not even feed for livestock. This scene was taken recently about 10 miles south of Moose Jaw.

# Plan to Evacuate Dry Areas Revived by Western Drought

### Abandoning of Stricken Regions Regarded as Impractical

By GORDON L. SMITH

In some sections of southern Saskatchewan thousands of wheat growers have seen their ninth successive crop shrivel beyond all possible redemption this month. In a much wider area 1937 witnesses the fifth consecutive and complete failure. Not since 1932 have the Prairie Provinces as a whole reaped more than an average harvest with the last bumper yield back in 1928.

First abnormally low prices and later miserable yields have combined to reduce a large section of Canada from booming prosperity to actual want. Open handed farmers who once looked forward to a winter in California or the Old Country have seen their bank accounts dwindle to zero and beyond; have been forced to accept charity from the very Government to which only a decade ago they paid income taxes. To such discouraged growers and to the merchants and industry in adjacent towns it will sound like the weakest and most selfish of doctrines to declare that any sort of permanent and definite drought policy is still impossible because data are insufficient. But even the most casual survey leaves one unconvinced of any certain and quick remedy.

Except for relatively small areas of light land here and there in both Saskatchewan and Alberta, abandonment of the drought sections to grazing is impractical. The area is too vast and involves not less than a million people.

The suggestion of moving back to Africa the negro population of United States following the Civil War was just about as feasible.

#### Two-thirds of Acreage

Economically, too, Canada cannot afford to relinquish two-thirds of her 25 million-acre wheat field. Our export position, our railways, our milling and many other industries are absolutely dependent upon the basic industry entrenched in those acres. And even if it could be done, wholesale abandonment would probably get us nowhere because, speaking generally, wheat is about the only crop adapted to that area. Livestock raising in wide stretches of it is out of the question, because distances between open water would be too great. It is natural hard wheat country, mainly because of its very dryness and its output of the best quality is needed to bring up the lower average of that produced in the moister and cooler sections of the west. Finally, despite recent repeated failures, there is no definite indication that this country will not again produce abundantly.

Unfortunately, from the standpoint of those working on western rehabilitation the so-called "dust bowl" of the Canadian west is an area difficult indeed to define. In only relatively few sections has it been constant with repeated crop failures year after year. These sections are already being evacuated. The land was light in the first place and under continual cropping was soon exhausted. Only the steadily increasing price of wheat and high tide of immigration before the war pressed it into cereal growing service.

#### Dry Areas Vary

But this worthless land includes only a small portion of the great area that at some time in the last nine years has not been classed as dry. Low yields and complete failures have been experienced over 60 million acres that roughly corresponds to a gigantic triangle, one side of which stretches along the American boundary from a point midway in Manitoba, all through Saskatchewan and Alberta. The apex will be about Saskatoon which is not far from the northerly point of agricultural production in Saskatchewan. This includes well over half the grain growing area of the Canadian west.

During the past ten years drought has struck severely in this area, sometimes only once or twice, sometimes four or five times in succession. So far it is impossible to predict when and where it will continue to strike.

Relatively small droughts have always been a feature of western wheat growing. An analysis of yields in the last 20 years shows that at least seven years out of ten some section has been hit. Yields have run as low as 10 bushels in one province to as high as 23 in another in the same season. Variation between smaller districts has been even larger. Only as in 1915, 1923 and 1928 when yields per acre have been almost invariably high everywhere, has bumper crop resulted. When yields are generally low, on the other hand, drought comes into the headlines.

In the last few years and particularly in the current season and in 1936 most districts have been running below average and drought has become unusually serious.

But even in these abnormally dry years it should not be overlooked that some important and widespread areas have been relatively free. This summer, for instance, there will be

(Continued on page 5)

### Crop Outlook Seems Better

On the premise that the worst is now definitely known and that there is some indication that the long drought is gradually breaking, Western crop news is more encouraging.

Estimates of total wheat yields vary from a low of 125 million to a high of 200 million bushels. Even the most optimistic figures are lower than the poorest crop in 20 years and will leave a total exportable surplus of probably well under 100 million bushels. In the 12 months ended June 30 this country exported 192 million bushels of wheat.

Recent scattered rains throughout the three Prairie Provinces, while too late to save commercial wheat fields, will produce a good deal of livestock feed and may give gardens a new start.

Fair crops of all grains are more assured in Manitoba, southwestern and northern Alberta and northern Saskatchewan. Rust infestation in Manitoba is fairly widespread though actual damage is still light and will not develop unless weather turns wetter and warmer.

### Government Split on Continuance of Rehabilitation Plan

From Our Own Correspondent

OTTAWA.—Now that the Government is at full strength once more, with the Prime Minister and his colleagues back from the Old Country, chief item on the Federal Cabinet's agenda is the drought problem of the western prairies.

This question was regarded as disposed of by a settled policy last session, when Parliament approved a $10,000,000 rehabilitation scheme to be carried out over a period of years. It has been thrown back into the arena of violent controversy by the present season's prospective crop disaster—likely to be the worst in the history of the West and the fifth major one which it has suffered in succession.

The failure this year, as Federal advices see it at the moment, will be more complete than a year ago, in that insufficient livestock feed likely will be harvested in the regions affected. Consequently, the problem which was debated for days on the floor of the House of Commons is raised anew for the ministry, namely:

Is it the part of wisdom to attempt stubbornly a policy of rehabilitation which embraced reorganizing western agriculture on the present site with only partial abandonment of the worst lands, or should Federal plans recognize another year of failure as the handwriting on the wall and attempt large scale evacuation?

#### National Problem

Needless to say, the problem is national and not political. That fact, however, simply makes it more difficult to settle. For two absolutely opposed schools of thought are held upon it in the ministry, and where opinions are matters of conviction rather than of political expediency they are invariably more difficult to reconcile.

The rehabilitation scheme which Parliament approved last session represented a notable victory for the viewpoint on Parliament Hill which holds that the drought areas of the Prairies can and will stage a comeback.

The situation has strengthened opinion in the ranks of the Government which has always been sceptical of the possibility of restoring the drought area to former productiveness, and has looked upon the proposed $10,000,000 as a waste of money.

There will be no hesitation upon the part of the ministry in acting as a unit to afford the immediate relief for which the distressing situation calls. But there will be a vigorous argument over the question of proceeding with the so-called rehabilitation scheme, or adopting a new policy, probably one which would return the greater part of the drought area to grazing land and remove its settlers to more suitable lands in the north.

#### Favor Rehabilitation

The ministers who would be in favor of a removal policy would be principally those from the central and eastern provinces. From the standpoint of voting strength they would probably be in the majority. But Hon. J. G. Gardiner, Minister of Agriculture; Hon. Charles Dunning, Minister of Finance; Hon. T. A. Crerar, Minister of Natural Resources,—all three with personal grain growing experience — and probably also the Prime Minister, are certain to favor a continuance of the attempt at rehabilitation. And they are likely to carry the day.

If the Government did decide against continuing its long-erm rehabilitation programme, its way would be made comparatively easy by the attitude of Rt. Hon. R. B. Bennett last session. The Conservative chieftain, while he did not oppose the rehabilitation scheme, did not assent to it with any enthusiasm and made it plain that he was sceptical of its success.

## Highlights

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Present position and prospects for cumulative income bonds of Dominion Steel & Coal Corp. has attractions. Page 4

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Canadian investors have a wide interest in progress being made in settling the finances of foreign countries which are in default. Page 3

### Stock Markets Start Up

Opinion is growing stronger that the upward trend has been resumed by stock markets and that there is still a basis for higher prices. Page 9

### Acidizing Turner Valley

Flow of crude oil from six producers has been doubled with no failures yet reported from the new treatment. Page 15

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# Massey Sales Up Over 50% In 6 Months

### But Full Year's Volume Will be Less Favorable

### MARKETS ABROAD

Despite the poor crop in western Canada, Massey-Harris Co. may yet record improved sales for the full year which ends next Nov. 30. The company's business is international in scope and is divided about evenly between Canada and markets abroad.

The Canadian volume is usually divided about 60%-40% between western and eastern provinces. Thus the western crop failure appears to affect about 30% of total volume, and relatively good crops and prices in eastern Canada will help maintain domestic sales.

One adverse effect of the poor western crop will be in connection with collections. The company has established large reserves for possible credit losses, especially for accounts collectible in the drought-stricken areas of the West, and the management feels that this policy has proved wise.

#### Sales Gains Qualified

T. A. Russell, president of the company, has issued his usual half-yearly summary of results and prospects for the company, stating:

"The sales of Massey-Harris Co. during the first half of the company's year were encouraging, the total to May 31, 1937, being over 50% greater than in the corresponding period of 1936.

"An important shrinkage in volume, due in part to economic and political conditions in Europe manifested itself in June, and this factor coupled with the drought in western Canada will reduce the above percentage of sales increase for the full year period."

The chief encouragement drawn from Mr. Russell's statement is in connection with his reference to the "percentage of sales increase for the full year period." This is taken to indicate that increased sales can still be expected for the year, even though the rate of such increase may be substantially reduced.

For the year ended Nov. 30, 1936, the company's total sales were increased slightly over 30% above 1935 and the net loss was cut to $58,414 from $1.4 million.

Mr. Russell's reference to European conditions appears to indicate that that territory and western Canada are the least favorable markets at present. The Financial Post understands that the company expects satisfactory business in the United States because on the whole American crops are improved. This year's business in the important Argentine market has been good because of a large increase in the 1936 wheat crop and in prices.

The larger part of the company's total business is obtained in the last six months of its year, and inventories of finished machinery have to be built up ahead of the anticipated demand. One result of the reduced western crop prospects is that the company's plants will probably operate at a rather low level since inventories may now be larger than required.

### Ontario Plans Higher Subsidy

Premier Hepburn of Ontario has announced the province's intention of increasing the present one-mill subsidy being paid to municipalities in the province to two mills in 1938 if provincial revenues continue to grow as at present. This statement was made to a deputation from the Ontario mayors' association in response to a request that the province take over the entire cost of hospitalization.

In any event the premier affirmed his intention of continuing to pay the present subsidy of one mill which was first paid in 1937. This one-mill payment was made to reimburse the municipalities for the province taking over the collection of income tax which had formerly been a source of revenue to many cities.

# Pulp Expansions In Ontario Alone $44.5 Millions

### Lake Sulphite Jumps Programme to $8.5 Millions and Plans Newsprint Mill

Expansion of the development programme of the Lake Sulphite Pulp Co. on the Nipigon River leading to eventual expenditure of $8.5 millions is predicted in survey by Hon. Peter Heenan, minister of lands and forests, of the pulp-paper industry outlook in northern Ontario. In addition to the $5 millions sulphite pulp mill now under construction this programme includes a newsprint paper mill to be constructed at a cost of $3.5 millions.

The estimate of $8.5 millions as the ultimate expenditure at the Lake Sulphite site, at the juncture of the Nipigon River and Lake Superior, is the largest single item in a compilation by the minister of pulp-paper projects currently under way or definitely scheduled between now and 1939. The total estimated outlay on these undertakings, mostly for new sulphite mills or sulphite mill extensions of existing pulp and paper plants, is set by Mr. Heenan at $44.5 millions.

Hitherto, it had been understood that the $6 millions Lake Sulphite undertaking would be concentrated mainly, if not entirely, on construction and operation of a $5 millions sulphite mill on the Nipigon. Mr. Heenan's announcement indicates that additional financing will eventually be arranged to complete the contemplated $8.5 millions programme and provide funds for the newsprint mill development.

#### Cutting Agreement

The company's agreement with the Government for cutting rights on additional timber limits if, by June, 1939, erection of another "chemical pulp mill" is undertaken to double the capacity of the sulphite mill now being constructed. The mill now under way must be completed by next June. Flotation of bonds and no-par-value shares of the company, authorized but so far unissued, would net the company an additional $5 millions if necessary to complete the extended construction programme. Bonds and shares already issued have been underwritten by R. O. Sweezey & Co. to net the company $6,060,000.

Mr. Heenan's survey also reveals that in addition to the Lake Sulphite project, construction of three other sulphite mills, each to cost $5 millions, is slated to start this year.

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# Earnings Higher For Shawinigan

### Further Dividend Boost Possible if No Setback Occurs

From Our Own Correspondent

MONTREAL.—Shawinigan Water & Power Co. earnings during the first half of the year, judged by industrial activity in its territory, were well ahead of the same period a year ago. During the first quarter this year the company reported a gain of just under $400,000 in gross revenue and an increase of $335,000 in net before depreciation and income taxes, compared with the first three months of 1936.

Normally there is a falling off in earnings during the spring and summer months, so that the report for the quarter ended June 30 is not likely to show quite so large an increase in net as in the previous three months. However the trend of income should continue ahead of last year.

Last year Shawinigan reported $1.03 a share on its common stock after a liberal write-off for depreciation. Prospects are that the company may show as much as $1.50 a share this year. As a result of the improvement in operations, the dividend was increased from 50 to 60 cents a share in 1936. Last February the quarterly payment was advanced, from 15 cents to 20 cents a share. Expectations are that the rate will again be increased before the year end provided there is no setback in earnings or operations.

# Beer Sales For Ontario On Way Up

### Monthly Increases Above Last Year Average 12.28% to Date

### MAY REACH PEAK

Ontario beer drinkers are bidding fair, with this year's consumption, to reach another high-ale mark since the old days of the wide open sale.

Statisticians of those days figured it out on a per capita basis to show that every man, woman and child in the province put away his or her 9½ gallons a year. If the showing of the first six months of 1937 is upheld for the balance of the year the per capita figure, it is estimated, will be about 6.8 gallons and will provide a substantial increase over 1936 consumption.

In every month up to July sales of beer in Ontario have shown an increase over the same month last year, with January and March providing the largest jumps. The comparison for these first six months shows an average monthly increase of 12.28% over the corresponding period of 1936. Of these 1937 sales, 48% has been bottled beer and 52% beer sold in bulk.

It will be noted that the summer months when sales are always heaviest are not included in either year. Whether the recent heat wave has been sufficient to rival the throat drying powers of last year's 100-degree-and-over days has yet to be seen. By the same token, temperatures for the balance of this month and for August may change the picture for the brewing interests.

Increases so far for 1937 are shown as follows:

Monthly Increases, 1937

| Month: | % |
|---|---|
| January | 15.0 |
| February | 8.5 |
| March | 15.4 |
| April | 12.7 |
| May | 12.1 |
| June | 10.0 |
| Average | 12.28 |

#### Last Year's Sales

The Ontario Liquor Commission will not publish a complete report for the year ended March 31, 1937, until it can be presented to the Legislature at the next session. Its last report for the 12 months ended March 31, 1936, however, included three months of the period with which comparison is made. During that year total Ontario sales of beer were 21,626,073 gallons.

Figures below indicate the increase in consumption that has taken place:

Total Ontario Beer Sales (Domestic Manufacture)

| Period: | Gallons |
|---|---|
| 12 months ended Mar. 31, 1936 | 21,626,073 |
| 5 months ended Mar. 31, 1935 | 6,712,468 |
| 12 months ended Oct. 31, 1934 | 11,891,442 |
| 12 months ended Oct. 31, 1933 | 7,466,070 |
| 12 months ended Oct. 31, 1932 | 8,578,560 |
| 12 months ended Oct. 31, 1931 | 10,402,294 |

In view of the wide seasonal variation and the hot weather possibilities of July and August it is hazardous to attempt a forecast of probable consumption in the current year. Applying the average monthly sales for the year ended

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# Lake Sulphite Selling Output

### Work on Plant Proceeding — Bond Financing Arranged

From Our Own Correspondent

MONTREAL. — Acer, McLernon Ltd. have been appointed sales agents for Lake Sulphite Pulp Co. and orders for a substantial amount of the first year's output have already been booked.

The prices at which the pulp will be delivered are not yet determined as contracts are written on the basis of the price prevailing at the time of delivery. Current contract prices for pulp of the grade to be manufactured by the company are approximately $68 a ton, ex-dock Atlantic ports, with indications that over $70 a ton will be the ruling price in 1938.

Meanwhile good progress is being made on the construction of the plant and other necessary buildings. Approximately three miles of railway siding have been completed into the camp. Excavation of the millsite is well advanced and construction of mill buildings will commence within the next week or two.

#### Equipment Ordered

Orders have been placed for all the major items of equipment, including digesters, bleaching equipment and pulp drying equipment. Delivery of equipment has been promised in time to enable the mill to commence operations in March, 1938.

Funds required for the complete programme have been provided. Although the first mortgage bonds have not yet been offered to the public, they have been underwritten by a group headed by R. O. Sweezey & Co., and arrangements have been made so that the proceeds will be available and construction not be hampered by lack of money.

# British Investment Trusts Check Reorganizations Here

From Our Own Correspondent

MONTREAL. — Unobtrusively, but with considerable effectiveness, the Association of British Investment Trusts has brought pressure to bear on a number of reorganization schemes proposed for Canadian companies in order to secure better terms for the security holders, especially preferred stockholders.

British trust interests opposed the original plans for the reorganization of Price Bros. & Co.

It is understood that the reorganization plan for Simpsons Ltd. was held up largely because of the opposition of this group.

Another large Canadian manufacturing company has plans for clearing up its preferred dividend arrears, but so far this company has not been able to secure the necessary support of the association.

The most recent case in which A.B.I.T. took an interest was Canadian Hydro-Electric Corp., which plans to merge with its operating subsidiary, Gatineau Power. The terms were not wholly satisfactory, and through the holdings of around 15,000 shares of first preferred stock, the A.B.I.T. refusal to approve was a possible stumbling block.

So far the interest shown by the A.B.I.T. in Canadian reorganizations has been largely directed toward preferred stocks. Holders of this type of security seldom organize for their protection and often the terms extended to them in a reorganization have not been as favorable as for other groups.

While the British trusts' holdings of Canadian preferred stocks often only amount to a very small percentage of the total outstanding for any one company, the influence of the association has been much greater than the proportion of their holdings might suggest. This has been due to the fact that the British investment trusts constitute a highly concentrated market for new securities, so that any company wishing to maintain its credit standing in the British market, cannot afford to run contrary to its views. In practically every case where the British trusts have exerted their influence, the company has marketed its securities in the English market or hopes to raise additional capital there.

Hence when the A.B.I.T. speaks, the sponsors of a company reorganization pay respectful attention.

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BAY STREET SECTION

EATON'S-COLLEGE STREET


# The Nation's Business

(Continued from page 1)

ated grave doubts as to their responsibility.

* * *

### Western Municipalities In Need of Relief

DURING the past year there has been very substantial improvement in the position of municipalities throughout eastern Canada. Tax collections have improved, debt has been reduced and progress is being made in adjusting municipal defaults.

This situation, however, stands in marked contrast to the situation in western Canada, where many municipalities continue to be faced with very serious financial difficulties. It is possible, in fact, that unless something is done immediately to ease the municipal situation in western Canada that there will be further defaults at a time when municipal defaults in eastern Canada will have come to a complete stop.

* * *

IN VIEW of the poor crops that have prevailed throughout western Canada during the past seven years it is not surprising that some municipalities find themselves faced with financial difficulties. On the whole the municipal record in the West has been good. However, only good management and strong fiscal positions at the outset of the depression prevented defaults from being commonplace. An important factor in the continued solvency of many of the major cities was large liquid sinking funds which made it possible for them to finance relief expenditures through the sale of their own debentures to their sinking fund.

The municipal situation in western Canada is becoming increasingly worse. Brandon defaulted on its bonds early this year. Calgary and Edmonton have been saved from default only by action of the bondholders in working out refinancing schemes which eased the current position of these two cities. Moose Jaw recently declared that it was unable to pay full interest and reduced its bond interest payments to 60% of the coupon rate. Winnipeg is faced with a crisis, an ultimatum having been issued by the bank that it will not advance funds for relief purposes after the end of July.

* * *

IMMEDIATE action to ease the situation is necessary. The Royal Commission, which is to investigate the division of financial responsibilities as between the provinces and the Dominion, will give consideration to the problem, but any recommendations it may make may come too late to save serious damage being done to western municipal credit by further defaults.

In the meantime, much could be done through co-operative effort to give relief to the pressing financial difficulties of some of the cities and to stave off further default. The Dominion Mortgage and Investment Association, representing as it does the large institutional investors, would be rendering a real service to investors and the country as a whole if it worked out refinancing plans for those cities which are faced with pressing problems. The purpose of the refinancing plans would be to ease the current position. If the plans were patterned after the Calgary and Edmonton plans there is no reason why they should not prove acceptable to debenture holders.

The most pressing problem at the moment is the Winnipeg situation. Winnipeg entered the depression in a strong fiscal position and with a large liquid sinking fund. Revenues have declined materially and while general expenditures have been reduced substantially high relief costs have resulted in a deterioration of the city's current-position. Not entirely through fault of its own, it finds itself faced with serious financial difficulties. Sympathetic co-operation from investors would appear to be in order.

* * *

### Investors Roused From Former Passivity

IT IS a constructive development for the investor that increased interest has been taken in reorganization proposals for a number of companies and that shareholders' meetings in several instances have been something more than routine gatherings.

On the surface, the recent proxy campaigns in connection with control of Union Gas Co. of Canada appear to have changed nothing. But they have aroused public investment interest in the company's affairs and indicate that the reorganization for the subsidiary, United Fuel Investments, will be keenly scrutinized.

There has been a keen struggle over control of Gypsum, Lime & Alabastine, Canada, Ltd., with the important result of arousing the active interest of shareholders in the management of the company. One of the chief benefits from such struggles for control, is that the ordinary shareholder becomes better acquainted with the company's affairs and that the investing public becomes more acutely aware of the importance of management as an influence on the value of any investment.

* * *

THE opposition that developed recently to the plan for issuing new securities in exchange for 6% first preferred shares of Canadian Hydro-Electric Corp. is also healthy for the investor. It indicates that company reorganizations may hereafter have to be drafted with greater consideration for the small investor who is often the contributor of much of the money raised through sale of preferred or common shares.

Another important phase in the Canadian Hydro affair has been the act of the Association of British Investment Trusts in bringing its influence to bear, primarily for the benefit of members of the association, but necessarily also in the interests of many small shareholders. Similarly in Canada, the moves of Canadian General Securities Ltd. through Senator Rt. Hon. Arthur Meighen, in campaigning for better terms for Canadian Hydro first preferred are beneficial to shareholders who otherwise fail to unify their views.

* * *

IN CORPORATION reorganizations where there are large holdings of bonds and preferred shares in the hands of investing organizations such as life insurance companies, the individual investor gets the benefit of any compromise negotiations worked out by such big investing groups. Often, however, where preferred shares are concerned, there is not the same power of organization because the issues may be scattered among many small holders who have no centralized machinery to combine forces. The action of Senator Meighen is therefore one of more than passing importance for the Canadian investor who has been regarded as spineless.

A prime need of the investor is unity of organization. His responsibility is to give active support to any effort in that direction.

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# Revenues Up $32 Millions ForDominion

## Gain for Quarter Within $10 Millions of Budget Estimate for Year

### RELIEF COSTS CUT

From Our Own Correspondent

MONTREAL.—A budget improvement over 1936 of $35.7 millions is reported by the Dominion Government for the first quarter of its current fiscal year, revenues for the three months ended June 30, showing an increase of $32.3 millions, while expenditures were reduced by $3.4 millions. On first quarter operations, the Government had a surplus of $52.2 millions, as compared with a surplus of $16.4 millions in the corresponding period of 1936.

Revenues for the month of June totalled $36.9 millions, an increase of $3.4 millions over the same month of last year. Expenditures for the month amounted to $43.8 millions, a reduction of $2.2 millions.

Present indications are that Hon. C. A. Dunning's estimate of an increase of $42 millions in revenues in the current fiscal year will be exceeded by a wide margin. The actual increase in revenues for the first quarter of the year was $32.3 millions, so that a gain of slightly less than $10 millions in the remaining nine months would bring revenues up to budget estimates. Actually, however, the increase in the remaining nine months should be considerably greater than $10 millions. Sales tax collections increased in June by almost $3 millions and if this rate of increase continues the gain in the next nine months will be almost double the required $10 millions, even if other departments fail to show increases.

Indicative of the improvement in business activity every revenue classification has shown an increase. The major increases, however, have been in sales and income tax collections.

**Relief Costs Reduced**

Expenditures for direct relief through grants to provinces and for relief works were reduced during the quarter by $3.9 millions to $8.6 millions. This reduction is more than accounted for by reduced outlays in the month of June, the decrease in that month being $4.1 millions.

Loans and investments have also been reduced substantially, the outlay under this classification during the quarter amounting to $5.3 millions, compared with $22.3 millions in the same period of 1936. The higher figure for the 1936 period is due to a loan of $15 millions to the Canadian Wheat Board.

Detail figures for the quarter and for the month of June are given below:

**Dominion Government Revenues and Expenditures Three Months Ended June 30**

| Receipts: | 1937 $ 000's | 1936 $ 000's | Change $ 000's |
|---|---|---|---|
| Customs duties | 23,542 | 20,053 | +3,489 |
| Excise duty | 13,009 | 11,215 | +1,794 |
| Excise, sales tax | 36,848 | 26,407 | +10,441 |
| Income tax | 81,608 | 65,977 | +15,631 |
| Post office | 7,603 | 6,901 | +702 |
| Sundry | 3,929 | 4,190 | −261 |
| Special | 681 | 122 | +559 |
| Total revenue | 167,220 | 134,865 | +32,355 |
| Expenditures: | | | |
| Ordinary | 90,416 | 80,768 | +684 |
| Capital | 632 | 293 | +397 |
| Special | 8,639 | 12,575 | −3,936 |
| C. N. R. deficit | 14,800 | 15,500 | −700 |
| Harbors Board | 411 | 157 | +254 |
| Write-offs | 70 | 122 | −52 |
| Total expend. | 115,028 | 118,415 | −3,387 |

**Month of June**

| Receipts: | 1937 $ 000's | 1936 $ 000's | Change $ 000's |
|---|---|---|---|
| Customs duty | 7,982 | 7,278 | +704 |
| Excise duty | 4,709 | 4,004 | +705 |
| Excise, sales tax | 15,044 | 12,080 | +2,964 |
| Income tax | 5,159 | 6,462 | −1,303 |
| Post office | 2,402 | 2,200 | +202 |
| Sundry | 1,373 | 1,519 | −146 |
| Special | 309 | 56 | +253 |
| Total revenue | 36,978 | 33,601 | +3,377 |
| Expenditures: | | | |
| Ordinary | 26,306 | 26,070 | +236 |
| Capital | 227 | 138 | +89 |
| Special | 4,157 | 5,259 | −1,102 |
| C. N. R. deficit | 13,050 | 11,500 | +1,550 |
| Harbors Board | 24 | 5 | +19 |
| Write-offs | 31 | 59 | −28 |
| Total expend. | 43,797 | 46,031 | −2,243 |

## Trinidad Mines & Gas Placed in Bankruptcy

From Our Own Correspondent

MONTREAL. — Trinidad Mines, Gas & Oil Ltd., a Quebec incorporation which owns gold, copper and gas properties in Nova Scotia and Quebec, has been adjudged bankrupt. The first meeting of creditors was held in Quebec City on July 12.

J. W. Boulet and G. H. Boulet, Quebec City, have been appointed custodians.

# Beauharnois-Hydro Suit Still Before the Courts

Negotiations for settlement of the litigation between Beauharnois Light, Heat & Power Co. and the Ontario Hydro Commission have not been opened, The Financial Post is informed by Hydro officials.

Beauharnois Power 5% bonds this week had one of their periodic advances above 60.

Beauharnois Light, Heat & Power Co. has been granted leave to appeal from an order of the Chief Justice in Appeal of Ontario, in connection with litigation over the company's power contract with the Hydro-Electric Power Commission of Ontario.

The order against which the company has been granted permission to appeal allows the Ontario Hydro to appeal to the Privy Council the judgments of the Supreme Court and Appeal Court of Ontario in favor of the company.

In granting the company leave to appeal against the order granted to the Hydro, Mr. Justice Masten stated: "I grant leave of the applicants to appeal to the full Court of Appeal from the order. I desire to state expressly that I grant this leave to appeal to the full Court of Appeal so that there may be no question of the right of either party to appeal further to the Privy Council from whatever order the Court of Appeal may make further on the proposed appeal to it by the plaintiffs or respondents."

## *Beer Sale in Ontario May Reach New Peak For Quarter Century*

(Continued from page 1)

March 31, 1936, however, an estimate of approximately 24.5 million gallons is arrived at for the year ending March 31, 1938.

**Six Gallons Per Person**

In 1913, which was the last year of "open" beer sale in Ontario, the per capita consumption of beer was about 9½ gallons. In the year ended March 31, 1936, the total consumption of 21,626,073 gallons was equivalent to almost exactly six gallons for every Ontario citizen. If the increase of 12.28% in sales noted so far in 1937 continues for the balance of the year, per capita consumption will rise to approximately 6.8 gallons. This is about one gallon less than per capita consumption in the Province of Quebec.

There were 29 Ontario breweries, four Quebec breweries and one Manitoba brewery licensed to sell their products in Ontario at March 31, 1936. It is difficult to arrive at an accurate estimate of the proportion of total Ontario beer sales supplied by Ontario brewers because available figures are for the province's fiscal year. The following table, however, gives production figures for Ontario breweries by calendar years.

**Production of Ontario Breweries**

| Year | In Bottles gallons | In Bulk gallons | Total gallons |
|---|---|---|---|
| 1936 | 8,430,980 | 10,890,165 | 19,321,145 |
| 1935 | 8,141,459 | 10,130,530 | 18,271,989 |
| 1934 | 7,700,099 | 4,757,877 | 12,457,970 |
| 1933 | 6,345,127 | 1,935,968 | 8,281,095 |
| 1932 | 7,136,511 | 1,929,525 | 9,066,036 |
| 1931 | 9,232,139 | 2,294,635 | 11,526,774 |

Growth in the number of retail outlets for beer in Ontario has shown some relationship to the growth of sales but this has not been constant, particularly since sale became well organized following the change in law of July, 1934. Retail outlets for beer in Ontario are shown in the following table.

**Ontario Retail Beer Outlets**

| | June 1937 | Aug. 1936 | Aug. 1935 | Nov. 1934 |
|---|---|---|---|---|
| Hotels | 1,126 | 1,133 | 1,195 | 1,053 |
| Summer hotels | 46 | 53 | | |
| Social clubs | 145 | 145 | 142 | 173 |
| Veterans clubs | 63 | 86 | 90 | |
| Military messes | 112 | 137 | 79 | |
| Railways | 1 | 1 | 1 | 1 |
| Steamships | 12 | 12 | 6 | 2 |
| | 1,527 | 1,567 | 1,513 | 1,229 |

Although beer sales have been showing rapid increases in Ontario since 1934, brewers still point to the greater proportion of bulk beers that are sold as something which the industry would like to know how to combat. For the first six months of 1937, 52% of total sales were in bulk and in bulk beer the identity of the maker is largely lost. Where a preference for bottled beers of any particular brand has been established the brewer has a hold on the consumer.

**B. C. Fishing**

The fishing industry of British Columbia utilizes a fleet of approximately 9,000 boats, ranging from rowboats, scows and sailing craft to one-man 30 footers, six and nine-man deep sea craft 75 ft. long, and sturdy whaling steamers.

# Rogers Radio Profits Jump

Rogers-Majestic Corp. reports net profits of $129,651 for the year ended March 31, 1937, equivalent to 60 cents a share on the 200,000 class A and 15,000 class B common shares. This compares with earnings of 1.7 cents a share in the preceding year, and conforms exactly with the company's forecast of earnings published in The Financial Post six months ago.

After adjustments in surplus account, the profits for the year were sufficient to eliminate the deficit which stood at $111,045, and to leave a balance of net profits of $15,748 to carry forward into the current year. The question of dividends is not mentioned in the report, and payments have not been possible while the deficit remained. However, the net earned surplus amounts to only slightly over seven cents a share and the question of dividends is expected to remain in abeyance.

G. Harrison Smith, chairman of the board comments that the improvement is considerably in excess of that realized by general business in Canada. He points out that the company has eliminated its deferred debt of $120,000. As to a bank loan of $61,000, he explains that the bank borrowings were wiped out in February and that new bank arrangements were made in connection with an earlier start on the new season's business.

**Income and Surplus Account Years ended March 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Gross profit & other rev. | 1,272,028 | 963,999 |
| Less: Expenses | 1,007,632 | 852,154 |
| Depreciation | 104,929 | 96,077 |
| Income taxes | 29,816 | 2,046 |
| Net profit | 129,651 | 3,721 |
| Previous surplus | *111,045 | *119,766 |
| Sinking fund adjt. | ...... | 5,000 |
| Earned surplus | 18,606 | *111,045 |
| Less: Adjustments | 2,858 | ...... |
| Surplus forward | 15,748 | *111,045 |

*—Deficit.

**Working Capital Position**

| | 1937 | 1936 |
|---|---|---|
| Current assets | 1,332,255 | 1,082,794 |
| Current liabilities | 264,393 | 90,827 |
| Net working capital | 1,067,862 | 991,967 |

## *C. N. R. to Issue Equipment Bonds*

From Our Own Correspondent

MONTREAL.—Canadian National Railways has called for tenders on $14.3 millions of 2½% ten-year serial equipment trust bonds. The issue will be payable both principal and interest in Canadian funds. Proceeds of the loan will be used to finance new equipment which the company is purchasing.

In the past the company has usually sold its equipment trust in New York, although one issue was sold in Canada in 1923. The latter was guaranteed by the Dominion Government. These equipment trust bonds rank as an operating charge.

## *Pulp Expansion Plans For Ontario to Cost Over $44 Millions*

(Continued from page 1)

One will be at Fort William, and will be financed by unidentified Canadian and American capitalists; another at Kenora, promoters also unnamed; and the third in the Michipicoten district. At Kenora, $1.5 million will be spent for railway facilities to haul pulpwood to the new mill.

Extensions and renovations calling for total expenditure of $8 millions by the Abitibi Pulp and Paper Co. are cited in the minister's report. Of the Abitibi total, $6 millions will be spent on various plants throughout the province, such as those at Iroquois Falls and Sault Ste. Marie; $1 million for an extension of the Abitibi mill at Thunder Bay; and $1 million for extension of the Fort William establishment.

Other projects reported in prospect include the following:

Long Lac, mill for Pulpwood Supply Co. (E. G. Sensenbrenner), $2.5 millions.

Big Pic River, sulphite mill for Marathon Paper Co., $2.5 millions.

Black River, Ontario Paper Co., $1 million, scheduled for 1939.

Fort William, extension of Great Lakes Paper Co. mill, $2 millions.

Fort Frances, extension, Minnesota and Ontario Paper Co., $1 million.

North shore Lake Superior, between Sault Ste. Marie and Sudbury, mill for Huron Forest Products Co., $4 millions, slated for 1939.

Mr. Heenan says a number of applications have been received for additional timber limits and sulphite mills not listed in his compilation, but that caution will be exercised in granting permits so as to avoid undue pollution of lake and river waters.

Pulp-paper and lumbering developments in northern Ontario have had a marked effect on Government revenues and industrial activity in that region, according to the minister. In 1933, the last year before the present Government took office, revenue from timber limit dues amounted to $927,000. They jumped to $3.3 millions in 1935, to $3.6 millions last year, and will, it is estimated, reach a total of $4 millions this year.

Production of newsprint was 599,000 tons in 1933, rose to 901,000 tons in 1936, and will likely total one million tons this year. Pulpwood cut on Crown lands in 1933 amounted to 181,000 cords, increased to 888,000 cords last year, and will likely reach one million cords this year.

**Other reviews of important current activity in the pulp and paper industry in the Dominion will be found elsewhere in this issue as follows: Analysis of the situation in regard to newsprint production, page 16; news of sulphite pulp mill developments in British Columbia, page 8; report on accelerated operations of Abitibi Pulp and Paper Co. plants page 3.**

# Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

| Municipal— | Date Sold | Sold to | Rate | Due | Amount | Price | Yield |
|---|---|---|---|---|---|---|---|
| Hantsport, N.S. | July | Cornell, Macgillivray | 4% | Ser. | $18,500 | 101.27 | ..... |
| Ottawa Ont. | July | A. E. Ames, & Co. and Syndicate | 2, 2½, 3% | 5-20 Ser. | 830,475 | 100.30 | ..... |
| Truro, N.S. | July | Johnston & Ward | 4% | 1967 | 13,800 | 101.50 | ..... |
| | | | 4% | 1957 | 7,500 | 102.08 | ..... |
| | | | 4% | 1952 | 20,500 | 102.21 | ..... |

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

| Bond Issues— | Date Issued | Offered by | Rate | Due | Amount | Price | Yield |
|---|---|---|---|---|---|---|---|
| Aluminium, Co. of Canada | June | Sold privately | 3½% | 17-yr. | $12,300,000 | ..... | ..... |


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TERM OPENS TUESDAY, SEPTEMBER 14th


"Whatever you learn, learn wisdom. This is to be got not mainly from books, but from friendship with some and resistance to others, the universal human contact which converts the written words of wisdom into the living tissue of character."

—*Sir Robt. Falconer.*

**Outlook for Foreign Bonds I.**

# Latin Americans Show Too Great Reluctance To Service Bond Debt

## Some Countries Buying in Own Bonds at Heavy Discount After Defaulting, Protective Council Shows — Foreign Bond Outlook

By NORMAN A. WHITE

*This is the first of a series of articles dealing with foreign bonds. Subsequent articles will analyze the situation of individual debtor countries.*

The outlook for foreign government bonds is a question of considerable importance to thousands of Canadian investors from Halifax to Vancouver.

In the post-war period up to 1929, United States was an important international lender. Hundreds of millions of dollars was lent by U. S. investors to foreign governments and foreign corporations. There was an overflow of these securities into Canada and Canadian investment firms participated in many of the large offerings. As a result, there are millions of dollars of foreign bonds held throughout Canada and the loss to investors as result of stoppage of debt service during the depression years has been large.

Unfortunately for Canada, a large proportion of the foreign government bonds held in this country are those of Latin-American countries, which have very bad default records. Furthermore, Latin-American countries have a poor showing in adjusting defaults.

According to the 1936 report of the Foreign Bondholders' Protective Council, Inc., New York, dollar bonds of Latin-American governments and political subdivisions outstanding as at Dec. 31, 1936, aggregated $1.5 billion. Of this amount, approximately $1.2 billion or 76% was in total or partial default. This included 44 issues of national governments, 39 issues of provincial governments, 29 issues of municipalities and 17 corporate issues guaranteed by national governments. There was due and unpaid $300 millions in interest.

### No Estimate of Holdings

It is impossible to estimate what portion of this total is held in Canada, but it is known that it runs into many millions of dollars. Some Canadian insurance companies hold large blocks of bonds of various Latin-American countries but for the most part the holdings in Canada, as in the United States, are distributed among small investors. In the United States it is estimated that the average holding amounts to around $3,000.

In view of present sentiment of investors, one may wonder that it was possible to gain such a wide distribution of foreign bonds in this country, especially when there was ample opportunity for investment in domestic enterprises. The answer is that foreign government bonds had special attractions, especially to investors of small means. They usually carried a high coupon rate. This in itself should, perhaps, have been a warning since a high interest rate usually denotes a high degree of risk. Coupled with this, however, was a belief that unusual safety was attached to government bonds, even those of foreign countries.

### No Legal Remedies

Actually, however, as investors have learned to their sorrow, there is less security in a foreign government bond issue than in a domestic corporation issue. In many instances the provisions of foreign loan contracts gave investors the impression of affording bondholders iron-clad covenants. In some cases the loans were secured by physical property and the contracts outlined steps which might be taken by bondholders for the enforcement of the contract. Actually, there is a complete absence of feasible legal remedies available to bondholders in the foreign field. The protection afforded by trust deeds is illusory.

An important factor in the situation is the immunity of foreign governments from suit without their consent. Even if consent is forthcoming the creditor does not improve his position as no legal machinery is ordinarily available for the collection of a judgment.

The promise to allocate certain revenues to the payment of bond service avails the bondholder nothing. Should the government refuse to make such allocation, no legal sanction exists to compel it to comply with the covenant.

One legal authority testifying before a committee of the Securities and Exchange Commission at Washington stated that the protective clauses in foreign bond contracts were not worth the paper they were printed on. Yet the mass of buyers were unaware of this weakness inherent in foreign bond issues. Prospectuses emphasized the protective and security clauses of the loan agreements, but nothing was said of their ineffectiveness.

### Many Abuses in Underwriting

Thus the banking and investment interests responsible for the underwritings must shoulder part of the blame for the loss which Canadian and American investors have taken on foreign government bonds. True, the financial community on this continent lacked experience in international lending, but this lack of experience, a recent report of the Securities and Exchange Commission says, cannot justify "the recklessness, ineptitude and in some cases the outright chicanery of this era of foreign lending."

What are the possibilities of adjustment of Latin-American defaults in the near future and the resumption of debt service?

Because of the possibility of resumption of debt service the bonds of many Latin-American countries attracted investors and speculators alike during the early months of the current year. Generally speaking, foreign bonds have recorded substantial appreciation in price since the first of the year, the betterment in price being predicated upon improved economic activity in South America, rising commodity prices, better government revenues and the strengthening of foreign exchange.

Without doubt there has been a distinct economic improvement in many South American countries. Being large producers of basic raw materials they have benefitted substantially from rising commodity prices, and indications are for continued improvement. Resumption of debt service in many cases, however, is still remote and in others there is no immediate possibility of an adjustment favorable to bondholders. It would appear, therefore, that the rise in some cases has not been justified. Investors have looked only at improving economic conditions and ignored the attitude of the government toward resumption of debt service.

### Time Not Ripe

The most important organization in negotiation adjustments on defaults of Latin-American dollar bonds is the Foreign Bondholders' Protective Council, Inc., New York, sponsored by the U. S. Government. In its annual report recently issued the Council states that during the past year it has continued to take the position that the present is not the proper time to make long-term permanent debt settlements. World economic conditions are still so unsettled and frequently unfavorable that such settlement would be unfavorable to bondholders.

The most important factor from the investors' point of view is the willingness of the government which is at fault to pay its debts. It must be admitted that to date a great many Latin-American countries have displayed little willingness to pay. They have used all kinds of arguments in rejecting proposals for resumption of full or partial debt service. Most of these countries, however, will need capital for further development in the not too distant future, so the outlook for bondholders is not entirely bleak. Before they will be able to borrow further funds they will first have to restore their credit in world financial centres.

### Capacity to Pay

One of the commonest arguments used by debtor countries is that there is not the capacity to pay. In discussing this argument, the 1936 report of the Foreign Bondholders' Protective Council states that whether a government pays or does not pay depends in the greatest extent on its will to pay. Few, if any governments, have borrowed beyond their capacity to pay if they really have the will to make the necessary levy on the property of their nationals. No nation, it is pointed out, has the right to invoke its lack of capacity until it has exhausted its taxing powers. No debtor power, now in default, has even approached the condition of exhaustion of its taxing powers, the report states. Under the theory of international law the whole wealth of a nation is subject to tax up to the extinction of its debts.

In some cases the need for public works programmes is given as the reason for non-resumption of debt service. It mus be admitted that there is a certain minimum of public works which has to be undertaken by any government. Bondholders, in fact, are vitally interested in seeing these works carried out since a stable and prosperous economy is essential to their interests. But, in many instances, unnecessary public works are undertaken.

"No sound fiscal policy, or for that matter no sound policy in morals," states the Council, "can justify a country already in default, in seizing funds, merely because it has the power to do so, from those to whom it already owes money on bonds which it is failing to service or pay. The inequities of such a situation seem augmented and intensified where the purpose for which the defaulted bonds were issued was the building of public works."

Not infrequently, also, it is argued that the statutory rate of the loan is too high in view of the level of interest rates at present. True, the report argues, the rate may now be out of line, but at the time the loan was made it was proper. Borrowers take the risk that money rates may fall and lenders that money rates may rise.

### Unreasonable Delay

Rather than use such arguments these foreign debtors, it is declared, must show that the financial and economic conditions justify default or a scaling down of debt service. It must be admitted that in most cases default was probably justified. In view of conditions brought about by the depression they were perhaps inevitable, but in many cases the rectification of default is unreasonably delayed. Because of the attitude of the governments it appears that there will be a considerable lag between the restoration of a nation's capacity to pay and the resumption of even partial debt service.

An indication of this is the repatriation of foreign bonds during recent years. Several Latin-American governments have bought large amounts of their bonds on the market at depreciated prices while not making any payment on debt service. In regard to this practice the Foreign Bondholders' Protective Council has the following to say:

"There is a disposition in the part of certain debtors to use funds and foreign exchange which is available for and should be devoted to the payment of interest on their bonds, for the purchase on the market of these bonds which are selling at very low prices because the debtor countries are not paying full debt service on their bonds. If the bonds have service, according to their contracts, the debtor countries are of course well within their rights in availing themselves of the opportunity of purchasing the bonds on the market even if they are selling substantially below par, but to do so when the bonds are depreciated abnormally on account of default in the payment of contract service, is a practice which the Council strongly condemns."

Protests against such action have been made by the Council, but with little effect.

# Abitibi Runs 5 Active Mills Over Capacity

## Ste. Anne Plant Prepared to Run on Short Notice

### MAY OPEN IN FALL

Abitibi Power & Paper Co. has put its newsprint mill at Ste. Anne de Beaupré, Quebec, into condition so that it is ready to run on overnight notice if necessary. The company's operating mills are now running well above rated capacity, The Financial Post is informed.

The Financial Post understands that a decision on the reopening of the Ste. Anne mill will depend largely upon assurance of sufficient business to keep the plant running steadily. It would be costly to reopen and to close it again, but it is understood that the mill may be opened in the fall when buying of newsprint paper usually becomes more active than in the summer months.

Although the rated capacity of the five paper mills now open is 472,000 tons annually, it is understood that the rate of production can be pushed up to about 550,000 tons. The Ste. Anne mill would represent an addition of rated capacity of 75,000 tons annually.

The receiver's report for 1936 anticipated sales of newsprint in 1937 of more than 425,000 tons, and latest indications are that that volume will be exceeded by a substantial margin.

### Exceed Rated Capacity

The increase in production above rated capacity is permitted largely because of improvement in mill facilities and is a condition prevalent in most newsprint paper firms. The higher production affects earnings favorably by spreading overhead costs over the increased tonnage.

R. S. McPherson, F.C.A., Toronto, liquidator for Abitibi, recently estimated that the company would have earnings of at least $4.5 millions available for depreciation and bond interest in 1937 compared with $2.2 millions in 1936. Earnings for the first quarter of 1937 were $935,084 before depreciation compared with $181,393 in the same period of 1936.

The company formerly charged depreciation of some $1.7 million annually against earnings before bond interest. The interest charges must now be calculated on a debt of nearly $65 millions. Interest is in default from Dec. 1, 1931.

### Huge Outlays Planned

Hon. Peter Heenan, Ontario Minister of Lands and Forests, recently stated that Abitibi was planning expenditure of $1 million on its plant at Thunder Bay, another $1 million at Fort William and $6 millions on other plants in Ontario. The precise nature of the expenditures is not known although an investigation has been made over the past two years on the feasibility of manufacturing sulphite pulp at Fort William. The other expenditures by Abitibi, partly on the plants at Sault Ste. Marie and Iroquois Falls, are understood to be part of the reconstruction programme for the company in the bulky engineers' report which is expected to be issued when the Abitibi bondholders' committee brings forward its plan of reorganization.

The matter of reorganization of the company is still in the stage of discussion between representatives of shareholders and bondholders. The bondholders' committee has drafted a reorganization plan with the approval of the preferred shareholders' committee but it has not been published.

### Reorganization Plans

The liquidator recently presented a compromise plan of reorganization under the Winding Up Act providing for agreement of the various classes of creditors and shareholders through the Companies Creditors Arrangements Act and the Companies Act. It is understood that substantial holders of preferred and common shares favor this form of reorganization, whereas the Abitibi bondholders' committee prefers a reorganization by judicial sale under mandate of the Supreme Court of Ontario.

It is understood that the bondholders' committee plan provides for $14 millions of new working capital. The idea of raising new money is connected with the plant expenditures mentioned by Mr. Heenan. The liquidator's plan provides for raising $9 millions of new funds.

# *Tramways Pays Rental Arrears*

From Our Own Correspondent

MONTREAL.—Montreal Tramways Co. has made the first of four payments of $250,000 each to the City of Montreal; the next will be made August 1.

This payment applies on the arrears of rentals owing to the city under the terms of the contract made between the company and the City of Montreal in 1918.

## Hunt's Ltd. Profits Up For 24-week Period

Hunt's Ltd., Toronto restaurant chain, reports sales of $627,496 for the first 24 weeks of the 1937 year compared with $506,965 in the corresponding period of 1936, an increase of about 24%.

During the same period of 1937 net profits, before depreciation, have been $21,335 compared with $3,957 in the 1936 period. This is an increase of $17,378 and shows the 1937 profits approximately 4.4 times those of the 1936 period. The company reported net income, before depreciation, of $17,443 in the year ended Jan. 3, 1937, and after deducting depreciation a loss of $35,966.

Harry W. Hunt, president, reports that one new store has been opened in Ottawa this year and three in Toronto. He also states that preparations are being made for increased business in the balance of 1937 and air-conditioning equipment being installed in several branches.

### Pipe Line Pays 3½%

A dividend of 3½% has been declared on the preferred stock of the Oxford Pipe Line Co., payable Aug. 2, 1937 to shareholders of record July 15.

# Investing Firm Earns 33 Cents

## Canadian General Keeps Decline in Net Assets to ½ of 1%

In the first six months of 1937, Canadian General Investments Ltd. had net earnings equivalent to 33 cents a share compared with 27 cents a share in the corresponding period of 1936. Net earnings increased 20% over the 1936 period. Two quarterly dividends of 12½ cents a share have been paid from the 1937 earnings.

Market value of investments is up 22.3% from that shown at June 30, 1936, and liquidating value per share has grown accordingly to $14.57 a share compared with $11.91.

The 1937 half year has seen a substantial decline in security values and market value of Canadian General Investments portfolio has dropped $50,772, a decline of slightly over ½%. Equity per share was $14.65 a share at Dec. 31, 1936, and rose to $15.80 at Mar. 31, 1937, while it has now dropped to $14.57.

In his letter to shareholders, Rt. Hon. Arthur Meighen, president, states that during this period the Dow Jones average of industrial stock prices declined 5.9% and the common stock price index compiled by the Dominion Bureau of Statistics dropped 7.1%.

Changes made in the portfolio in the half year ended June 30, 1937, resulted in profits realized of $230,283. This was added to capital surplus distributable account which now stands at $2,732,358.

Income and Surplus Account
Six Months Ended June 30

| | 1937 $ | 1936 $ |
|---|---|---|
| Net invest. income ... | 197,292 | 163,344 |
| Less: Dividends ...... | 150,146 | 120,118 |
| Surplus before inc. tax | 47,146 | 43,226 |
| Add: Prev. surplus .. | 162,230 | 99,577 |
| Less: Addit. inc. tax.. | 58 | 1,018 |
| Surplus forward ..... | 209,318 | 141,785 |
| Investments: | | |
| Book value .......... | 6,116,695 | 5,512,868 |
| Market value ........ | 8,921,342 | 7,149,150 |
| Equity per share .... | $14.57 | $11.91 |

## Corporate Investors Ltd. Expects 15% Income Rise

An increase in revenue of from 15% to 20% is anticipated by the directors of Corporate Investors Ltd., according to statements made at the annual meeting on July 6. This anticipated increase in income is ascribed to increased payments by corporations whose securities are held in the trust's portfolio and to prospective payments on arrears of dividends of preferred stocks of which intimation or notification has already been received. Income has been further assisted, according to W. D. Glendinning, president, by the policy of reinvesting surplus arising from sales of securities and undistributed income.

The decline in market values which has taken place since March has only resulted in the value of the company's portfolio dropping about 8% although the general decline has been over 15%, according to the president.

## Southern Canada Power Territory Reported Busy

From Our Own Correspondent

MONTREAL. — Continued improvement in business conditions in the areas served by the company is reported in a letter to preference shareholders of Southern Canada Power Co. The letter notes signs of industrial growth at Acton Vale, Cowansville, North Hatley, Rock Island, St. Johns, Lennoxville, Ways Mills, Drummondville, Marieville, Ayer's Cliff, Waterloo, and other points.


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**Investment Trends**

# Optimism Returning As Stocks Recover

## Testing Period May Soon Indicate Whether Prices Will Turn Upward — Newsprint Wages Important for Investors

Stock markets appear to have entered an important testing period which, in a short time, should serve to define the trend of prices for later months of this year.

Although prices have risen elastically, stock markets nevertheless have not given a clear indication that an upward trend for the next few months has started. If market averages hold above their previous low points, and then show ability to break into new high levels for the recovery, it would be an indication that a rising price trend is under way again.

The important low points are approximately 100 for the Montreal Stock Exchange index, 157 for the Toronto Stock Exchange average, and 165 for the Dow-Jones average for New York industrials.

The recent brief strength in stocks has changed the pessimism among stock brokers and common share investors into cautious optimism. The present inclination is to search out what appear to be the more promising stocks in the belief that prices will rise in the autumn months.

*Newsprint and Costs*

Labor unrest in plants of Consolidated Paper Corp. appears to be of more than passing significance for holders of securities of newsprint paper companies. It will be recalled that since May 1 paper mills in Ontario have increased wages under a new union agreement. When the wage negotiations were in progress, The Financial Post reported:

"The increases in mill wages in Ontario are not duplicated in Quebec paper mills, which are not as highly unionized. There is some expectation, however, that a drive for unionization in Quebec mills may develop with the effect of raising labor costs in that province."

The American Federation of Labor unions that have been successful in arranging record high wages in Ontario, are taking the active part in the unionization campaign in Quebec. These unions have made wage agreements for many years in Ontario and are well regarded by the companies. But the recent wage rise in Ontario, and with other increases in costs, are expected to cut deeply into the extra earnings from the rise of newsprint to $50 a ton from Jan. 1, 1938.

The campaign for recognition of A. F. of L. unions, as contrasted with Catholic unions, in connection with Consolidated Paper, if successful, would more than likely be followed by another for higher wages. The eventual result would be higher costs for Consolidated and for other Quebec newsprint mills.

Conservative calculations suggest, however, that newsprint manufacturers under the Ontario wage increases, will probably be able to retain as a gain in net earnings at least $3.75 a ton of the $7.50 rise in the newsprint price for next year.

* * *

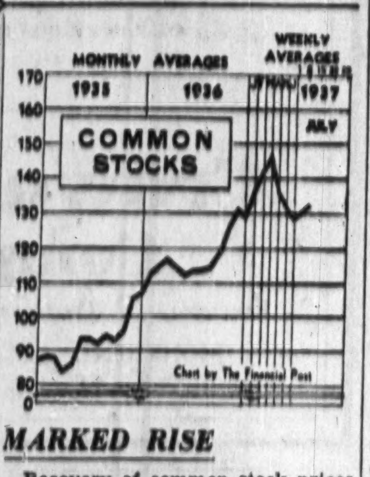
*Investment Results*

What investment trusts are doing with their funds is of interest to the individual investor whether or not he is a shareholder in the particular company. The report of Canadian General Investments Ltd. for the first half of 1937 is a case in point. Market value of the trust's portfolio decreased by slightly more than ½% in the six months. This compares with a decline of 7.1% in the Dominion Bureau index of common shares and with a decline of 12% in market values reported in the same period by one of the giant U. S. investing firms, Lehman Corporation. C. G. I. shows a net gain of 22.3% in the value of its portfolio as compared with the value at June 30, 1936, where Lehman Corp. shows a comparable gain of 1%.

More important, C. G. I. shows a gain of 20% over income for the same period of 1936. Healthier conditions in the portfolio are indicated by net profits of $230,283 on sales of securities. It is understood that sales of securities include liquidation of holdings that have proved unsatisfactory over the past eight years, in which the individual investor may read a moral that the present is a favorable time to carry out investment house-cleaning.

Since C. G. I. had 48% of its funds in common shares at the close of 1936, the negligible proportion of the decline in portfolio value attests the good quality of its holdings of stocks.

The investor will observe that




***MARKED RISE***

Recovery of common stock prices in the week ended July 8 raised the Dominion Bureau index to 131.4. Comparative indices appear on this page.

C. G. I. does not hold quite as large a proportion of common shares as other Canadian trusts, many employing from 60 to 80% of their funds in such holdings. And the large proportion of preferred shares shows that C. G. I. like other investing firms is depending on such issues to maintain income, while bond yields are at low levels.

# Dom. Scottish Sells Bonds

## Expects to Expand Trust Through Sale of $250,000 4% Bonds

Dominion-Scottish Investments, Ltd., has sold an additional $100,000 of its 4% bonds since the end of the fiscal year, it was announced by C. S. Macdonald, chairman, at the annual meeting on July 12, 1937. The company expects to sell another $150,000 of these bonds in the near future.

This action was forecast in the annual report and it is now stated that present low interest rates give what the management believes is a favorable opportunity to expand the trust's operations. Outstanding bonds will total $1 million after the $150,000 is sold.

Dealing with other features of the company's year, Mr. Macdonald stated that the decline in market value of investments had reduced the break-up value from $68.86 per preference share at Feb. 28, 1937, to $56.10 at May 31. This compares with $46.82 at May 31, 1936.

Dealing with the investment field, Mr. Macdonald said:

"In a world where the budgets of many countries are not balanced with a Europe resolving itself into an armed camp, the field for investment is restricted and is confined to all intents and purposes to Canada, Great Britain and the United States. Not that these countries do not have their own serious problems.

"In Great Britain the Government has seen the futility of trying to maintain peace in Europe by assuming that the millennium had arrived and has embarked upon a tremendous armament programme which is interfering with the orderly recovery of industry. In Canada the sanctity of contracts is being disregarded both in Governmental and industrial quarters. In the United States labor troubles are taking their toll of industrial profits and the attitude of the Government in that country would seem to encourage long drawn out strife between employers and labor.

"It would appear that the policy of governments in seeking a way back to prosperity through extravagant spending has abated considerably, and further advances by industry must await the resumption of international trade on a larger scale. Some signs of the lifting of restrictions have been recently evident and it is to be hoped that these will materialize and lead to increased prosperity among all nations."

# Investment Notes

**Robert Mitchell**—Further progress is reported by the company for the first half of this year. While all departments have been active, the most improvement has been recorded in the railroad and general foundry lines. Results from construction have been satisfactory, for although the volume of business handled has not been as large, the margin of profit has been better, competition not having been quite so keen due to the greater amount of business offering.

* * *

**C. W. Lindsay**—Sales for the first four months of the current fiscal year ended June 30 are reported to be 25% ahead of last year. This is held to indicate a betterment of earnings, as the best results are secured during the latter part of the year. Last year earnings were $1.25 a share on the preferred which has not paid dividends since 1933.

* * *

**Honey Dew, Ltd.**—For the seven months ended May 31, 1937, Honey Dew, Ltd., had a profit of approximately $2,000 compared with a loss of about $29,000 in the corresponding period of 1936. This represents an improvement of $31,000 but was incorrectly stated in The Financial Post of July 10, 1937, as a profit of approximately $30,000.

* * *

**John A. Lang & Sons**—Greater activity in the heavy industries has resulted in a better demand for leather work gloves and garments. As a result, sales of this company have shown an increase of around 60% this year over the same period last year.

* * *

**Amalgamated Electric** — Sales for the five months of 1937 were 38% ahead of the comparable period of 1936. This increase has permitted the company to show profit on operations for the first time in some years.

* * *

**McColl-Frontenac** — Net earnings for the four months ended May 31 are reported to have shown an improvement of about $220,000. If present rate of earnings is maintained, the company may be able to show around $1 a share this year compared with 45 cents a share in 1936. Current production in the company's Trinidad oil field is running around 2,000 barrels a day and the operation is reported to be just about carrying itself.

**Canadian Canners**—This year the company's whole plant capacity will be brought into operation. Good conditions in eastern provinces and British Columbia indicate there will be larger packs of early fruits this year than in 1936. Vegetable packs depend to a large extent upon conditions in later months, but prospects seem to be that the company will be well supplied with inventories this year, to replace stocks marketed in large volume over the past 12 months. It is too early to appraise the earnings prospect for the year which runs to next February, which depends to a large extent on marketing conditions and prices in autumn and winter months.

* * *

**Canadian Hydro**—The first preferred stock scored one of the largest advances this year of any stock on the Canadian markets, following the announcement of the modification of the plan in favor of the first preferred shareholders. The stock jumped from around 75-6 to as high as 87.

* * *

**Bathurst**—It is understood that the company will issue an interim report covering earnings for the first half of the year. Profits are reported to be running well ahead of 1936.

* * *

**Canada Steamships**—The new preferred is selling around its 1937 low. The lack of prospects for any substantial grain movement this fall has discouraged speculative interest in the stock.

* * *

**C. P. R.**—Ordinary shares have broken below 12 on the poor crop news from the West. For some time past the ordinary shares have been selling from 12 to 13 and touched a high for this year of 17½. The present price of 11¾ is the low for the year.

* * *

**Beauharnois**—Common stock sold up as high as 8½ this week, largely on reported buying from Toronto. Speculative interest appears to be confined to Toronto, as there is little Montreal trading in stock.

* * *

**Consolidated Paper** — Common dropped off a point on the report of a strike at the Wayagamack plant, but quickly snapped back when it was realized that the trouble was between rival unions rather than with the company.

**Investment Analysis**

# Dosco Bonds

## Company Has Made Comeback Over Past Year and a Half — Income Bonds Offer High Return to Investor

From Our Own Correspondent

MONTREAL.—Dominion Steel and Coal Corp. cumulative income bonds at an approximate price of 111 offer the investor relatively high return; likelihood of a "bonus" this year in the way of payment of the balance of arrears; a conversion privilege which is assuming importance; and a share in future earnings on the capital stock.

Market interest in the income bonds has increased, but wide public interest has been negligible, partly because of the poor record of the predecessor company—British Empire Steel Corp. The latter was one of the after-war mergers which were grossly over-capitalized. Consequently, the financial record of "Besco" was far from satisfactory and the enterprise had a bad name with the investing public.

Through bankruptcy, reorganization and recapitalizations "Besco" emerged as "Dosco" Dominion Steel and Coal Corp., with the "water" squeezed out of the capital structure and its finances on a comparatively sound basis.

Dosco is the largest industrial enterprise in the Maritime Provinces. It has a half interest in the very extensive and potentially valuable iron ore deposits on Bell Island; owns one of the largest iron and steel mills in Canada at Sydney; controls Dominion Coal Co., Halifax Shipyards, James Pender and Co., Sydney Lumber Co., Peck Rolling Mills, Dominion Shipping Co., Seaboard Power Co., Security Fence Co., and has an indirect interest in a host of associated enterprises.

**Made Strong Comeback**

During the past year and a half the company has made a strong comeback. The coal mines, iron ore properties, and iron and steel mills are operating at capacity. Sufficient business is on the books to maintain activity throughout the balance of the year. Prospects for a continuance of good business appear bright, especially for export trade to the British Isles.

At the moment it is difficult to estimate earnings for 1937 with any degree of accuracy, but indications are that income will be on the highest basis in some years and more than sufficient to cover all debt charges.

At the end of last year the company had bank loans of about $3¼ millions, which are not excessive considering the volume of business handled. The capital set-up included $4.4 millions of the 6¼% cumulative income bonds and 841,760 shares of class B stock.

The income bonds came into being in the early part of 1935, being issued to the old shareholders as part compensation for their claims. This debt is only a fraction of that which existed in the days of the British Empire Steel Corp.

**Have Attractive Privileges**

At the time of the recapitalization the outlook for Dosco was somewhat uncertain and the rights attached to the income bonds have since turned out to be on the generous side.

The income bonds carry a coupon of 6¼%. As the title implies, interest is payable only out of income; but if interest is unpaid in any one year it accumulates.

Both principal and interest are payable in sterling or Canadian funds.

The bonds are callable at 60 days notice at 110.

At the end of last year there was a book equity of nearly $8,000 for each $1,000 bond.

The bonds participate with the B stock to the extent of 10% on any dividend over $1.50 a share.

During 1935 Dosco paid 2¾% on the income bonds; 3½% in 1936; and 4¼% on March 1, 1937.

**Heavy Payment This Year?**

At this time arrears of interest amount to slightly over 4%. It is confidently expected that on the basis of current earnings, the company will not only pay the full rate of 6¼% for 1937, but also will pay off the arrears, making a total distribution this year of a little better than 10¼%.

Prospects of the company maintaining the regular and full coupon rate appear promising for the immediate future.

If the company pays off the arrears of 4% this year, the net cost of the bond will be in the neighborhood of 107, so that the coupon rate returns a yield of about 5.63% to maturity.

This is a good yield, but not unduly high considering the financial record of the enterprise. On the other hand, the yield might be considered high in conjunction with the other privileges.

**Taking on Importance**

As already mentioned, the bonds can be converted into class B stock at $25 a share. At present the market for the latter is around 22. It may be said that so far the market value of the bonds has not reflected the conversion privilege. However, it is apparent from the small spread between the market and the conversion price, that a small upward movement on the stock would give definite value to the conversion privilege.

The right to share in dividends to the extent of 10% after $1.50 a share has been paid on the B stock has little value at this time. Its importance should not be minimized, however, for if the expected earnings are realized, Dosco may consider dividends in the near future.

The income bonds appear reasonably priced, considering the almost certain assurance that the full rate of 6¼% will be paid this year, in addition to the arrears of 4%. On top of that the right to exchange from a security with a fixed return to an equity stock is more than likely to be of value before the end of the year. For the longer term the investor should note that the company represents one of the "heavy" industries subject to periods of feast and famine. The present is one of the feast periods and it may last for some time, but ultimately it may again run into lean periods.

# Royal Insurance Assets Increase

## Premium Volume in 1936 Totals $70 Millions— Loss Ratio Down

Total income from world-wide operations of the Royal Insurance Co. in 1936 amounted to $81.6 millions comprising $70 millions in net premiums and the remainder in earned interest. Assets totalled $288.9 millions at the end of the year, up $800,000 from 1935.

Volume of fire premiums, less reinsurance, was $27.6 millions, with claims of $11.7 millions, compared with premiums of $27.8 millions and claims of $11.1 millions in the previous year. Profits in this branch of the business amounted to $2.8 millions. The fire fund now stands at $28.6 millions.

In the accident and general account premiums totalled $27.5 millions, an increase of almost $1.7 million over the 1935 figure. Loss ratio dropped from 52.1% to 50.1%. After commissions taxes and management expenses, a profit of $1.7 millions was made, and $1,250,000 was added to accident and general reserve, bringing the total to $28.5 millions.

In the life insurance branch, premium income amounted to $9.8 millions with sums insured of $24.6 millions.

**Chemical Factories**

More than half of the chemical and allied products turned out in Canadian factories last year were of Ontario manufacture, according to a preliminary report of the mining, metallurgical and chemical branch, Ottawa. The 387 plants reporting employed an average through the year of 10,295 persons.

# Action is Urged On Brown Bonds

## Bondholders Seek Early Reorganization in View of Progress

From Our Own Correspondent

MONTREAL. — First mortgage bondholders of Brown & Co. have been solicited for their support in favor of an early reorganization and probable resumption of interest payments by the first mortgage bondholders' committee.

According to a letter sent out by the committee, the company is now operating beyond its rated capacity; prices have advanced; business is flourishing; and earnings more than cover the full bond interest and preferred dividend after provision for all charges.

A simple reorganization, with minimum disturbance of the present capital structure, with the principal of the bonds kept intact, the committee feels, is more than justified by its present earnings and immediate prospects of the company. This would restore definite interest payments to the bondholders.

# Steel of Canada Meets Sinking Fund

From Our Own Correspondent

MONTREAL.—Steel Co. of Canada has given notice that an aggregate amount of $427,588, to be applied against the company's 6% first mortgage and collateral trust bonds, has been paid to the trustee for sinking fund purposes.

At the end of last year Steel of Canada had outstanding just under $3.4 millions in bonds, representing the balance of an original issue of $10 millions. When the present operation under the sinking fund is completed, something under $3 millions of bonds will be outstanding.

## Significant Investors' Index Numbers

1926 = 100

| | Mach. and equip. | Pulp and paper | Milling | Oils | Textiles and clothing | Food and allied prod. | Beverages | Bldg. mater. | Indust. mines | Total industrials | Total utilities | Total co's. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of Securities | 5 | 6 | 4 | 4 | 10 | 13 | 7 | 14 | 2 | 68 | 19 | 96 |
| **1929-36:*** | | | | | | | | | | | | |
| High .... | 432.5 | 113.4 | 273.4 | 423.5 | 113.5 | 197.8 | 305.4 | 281.1 | 501.3 | 317.6 | 166.0 | 198.3 |
| Low ..... | 39.2 | 3.0 | 37.7 | 87.7 | 30.8 | 78.8 | 33.8 | 44.3 | 74.9 | 56.0 | 36.9 | 43.3 |
| **1937:** | | | | | | | | | | | | |
| Jan. ..... | 156.3 | 37.2 | 119.6 | 229.6 | 77.3 | 184.2 | 141.0 | 197.0 | 549.3 | 232.0 | 68.5 | 137.4 |
| Feb. ..... | 163.4 | 36.7 | 120.7 | 235.3 | 78.5 | 188.2 | 139.2 | 203.5 | 566.7 | 235.8 | 73.1 | 142.4 |
| Mar. .... | 168.5 | 40.2 | 127.0 | 247.7 | 80.2 | 190.0 | 141.8 | 212.4 | 618.2 | 241.7 | 71.0 | 147.2 |
| Apr. ..... | 157.5 | 47.1 | 117.4 | 230.4 | 79.9 | 182.4 | 133.4 | 204.8 | 538.0 | 224.1 | 64.1 | 136.5 |
| May .... | 151.5 | 38.5 | 109.4 | 229.6 | 77.5 | 176.5 | 128.4 | 188.4 | 525.8 | 216.4 | 62.0 | 132.2 |
| June .... | 148.1 | 38.2 | 103.7 | 220.3 | 77.7 | 177.7 | 131.0 | 178.8 | 510.8 | 210.1 | 63.2 | 129.4 |
| **Weekly Figures, 1937:** | | | | | | | | | | | | |
| July 1 .. | 143.4 | 35.9 | 103.5 | 216.6 | 77.3 | 176.4 | 128.3 | 179.3 | 507.4 | 207.1 | 62.5 | 127.7 |
| July 8 .. | 146.0 | 41.3 | 104.5 | 221.2 | 78.3 | 179.8 | 132.8 | 188.1 | 531.3 | 214.8 | 63.3 | 131.4 |

*High and low for years from 1929 to 1936 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

**Toronto Stock Exchange Index**

| | 20 Indus. | 20 Golds | 20 Misc. Mines |
|---|---|---|---|
| July 13 ..... | 165.22 | 122.69 | 162.87 |
| July 12 ..... | 165.67 | 121.31 | 162.55 |
| July 10 ..... | 164.94 | 120.05 | 162.55 |
| July 9 ..... | 165.20 | 119.97 | 162.26 |
| July 8 ..... | 166.29 | 120.38 | 162.06 |
| July 7 ..... | 165.94 | 120.00 | 161.46 |
| Month ago .. | 165.05 | 121.88 | 157.46 |
| Year ago .... | 133.80 | 142.57 | 124.31 |
| High, 1937 .. | 187.67 | 168.59 | 215.36 |
| Low, 1937 .. | 157.88 | 107.83 | 141.97 |

**Montreal Averages**

| | 10 Util. | 20 Indus. | 30 Comb'd |
|---|---|---|---|
| July 13 ....... | 79.8 | 106.1 | 88.7 |
| July 12 ....... | 79.8 | 109.1 | 90.4 |
| July 10 ....... | 79.8 | 108.0 | 90.3 |
| July 9 ....... | 79.5 | 109.0 | 90.1 |
| July 8 ....... | 79.0 | 108.4 | 89.8 |
| July 7 ....... | 79.1 | 100.7 | 90.5 |
| Month ago .. | 76.3 | 105.1 | 90.1 |
| Year ago .... | 60.1 | 75.5 | 72.4 |
| High, 1937 .. | 92.5 | 123.2 | 100.5 |
| Low, 1937 .. | 74.8 | 100.2 | 92.8 |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# Canada-Yukon Air Service Seen as Europe-Asia Link

Inauguration of regular air mail and passenger service between Edmonton, Alta., and Whitehorse, Yukon, may eventually provide an important link in the long-mooted predominantly British route from Europe to Asia.

Plans are already under discussion for regular air service southerly from Edmonton to Calgary; to connect with the Trans-Canada Airways main route at Lethbridge; and further to the Montana border to link up with existing lines to Seattle, California and American transcontinental routes. Sponsors of the Edmonton-Whitehorse service have already given tentative consideration to extension of the route to Dawson, Y.T., and thence to Alaska.

For the present, the trail-breaking service over the 1,200-mile route across the Rockies to Whitehorse will operate weekly, but it is anticipated that within a year the volume of traffic will warrant tri-weekly or daily service and extension of the line to Dawson. Considerable traffic is expected when the Trans-Canada Airways line is finally in operation, and the Edmonton-Lethbridge-Montana and Dawson-Alaska services are inaugurated.

**England-to-Asia**

The eventual possibility is foreseen that a traveller from England to Asia will be able to fly by trans-Atlantic flying boat to Montreal, by Trans-Canada Airways to Lethbridge or possibly direct to Edmonton; northward through Whitehorse and Dawson into Alaska, thence by short overwater hop over the Bering Strait into Northern Siberia; and southward over an all-land route into Asia or westward into Russia. The recent flights by Russian aviators across the top of the world are belived to be testing the possibilities of such a connection between the continents.

Despite the disadvantages of severe climatic conditions during part of the year and passage over a great deal of desolate and isolated territory, the suggested route is believed to have great potentialities. For one thing, it avoids the lengthy hops over the waters of the Pacific Ocean which have to be made by the existing California-Orient service of the Pan-American Clipper Ships. The journey would also be faster and safer, because of freedom to use land 'planes and make longer non-stop hops, and permit of greater pay loads.

It is argued that the route would be favored as a route to the Orient alternative to the present line by way of Egypt and India, particularly in case of disturbances in Europe or the Near East.

# Toronto Votes Airport Plan

Paving the way for eventual development of air transport services between Toronto, other cities in central Canada, and points below the American border, construction of two modern airports at Toronto has been authorized by the city council. Total cost of the project is estimated at $1.9 million.

The Toronto plan calls for establishment of the main airport, a combination land 'plane and seaplane base, on an undeveloped tract of Toronto Island, closely accessible to the downtown district, hotels, railway and postal terminals. An auxiliary field near Malton, 17 miles northwest of the city, will be used initially for private flying activities, training purposes, and by transport services when fog or other adverse weather conditions make use of the Island airport inadvisable.

Weather records of past years indicate that the Island base can be used safely 85% of the time. Eventually, it is expected that expansion of air traffic will require use of both fields.

**Plan Three Runways**

Construction and maintenance of the two bases have been entrusted to the Toronto Harbor Commission, which plans to provide three runways (two paved) at each airport. Runways will be 3,000 feet long with provision for extension to 5,000 feet. Plans and cost estimates cover removal of telephone and power lines adjacent to the airport site at Malton, and establishment of a clearance zone free of obstruction surrounding the airport proper. It is tentatively planned to acquire a total of 1,250 acres at Malton and resell properties in the clearance zone under restrictions as to height of structures erected in future.

Completion of the undertaking is not expected before next summer or early fall. In adopting the Island-Malton scheme, the Toronto city council rejected an alternative, costlier plan under which the auxiliary airport would have been located at the Toronto Flying Club field, only nine miles from the centre of the city. Also defeated was a proposal that the Island plan be shelved for the time being and development concentrated at Malton.

**Joins Montreal Curb**

From Our Own Correspondent

MONTREAL.—Andrew S. Beaubien, partner of L. G. Beaubien & Co., and president of the Canadian Commodity Exchange Inc., has been elected a member of the Montreal Curb Market. Mr. Beaubien is also a member of the Montreal Stock Exchange.

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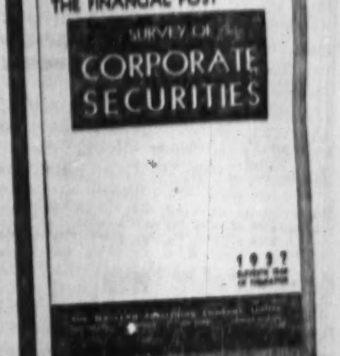


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## Bond Markets

# Nation Exports Capital In First Half of 1937

### Preference and Common Stocks Replace Bonds and Debentures in Canadian International Trade in Securities

Canada was a net exporter of capital to the extent of $3.1 millions during the five months ended May 31, 1937. This is reflected from the figures prepared by the Dominion Bureau of Statistics of sales and purchases of securities between Canada and other countries.

The 1937 period is the first time since the bureau began collecting these figures in 1933 that this result has been recorded for any considerable period. When Canadians buy securities in other countries they have to send capital out of the country to pay for the securities bought. If other countries are buying Canadian securities funds will be coming into the country in payment. Thus a balance indicating the export or import of capital is created.

Effects of exchange rates on international security purchases is shown by these figures. In 1933, for example, the pound sterling rose from a discount in terms of the Canadian dollar of 20.95% in January to a premium of 4.72% in December. In the last half of the year Great Britain purchased over four times as many Canadian securities as in the first half. The pound continued strong throughout 1934 and British purchases reached their peak in that year.

Effect of devaluation of the United States dollar is seen in 1933. The premium on New York funds prevailed until October, 1933, but was gradually reduced until the Canadian dollar was at a small premium in November. The result, among other things, was that the balance of security purchases was small. In 1934, which was a year when the Canadian dollar continued at approximately par compared with the United States dollar, Canadians sold $68.2 millions more securities to United States purchasers than they bought from that country.

The Bureau of Statistics has only been including a break-down of international security transactions into various types of securities since the beginning of 1937. During the latter half of 1936, however, the trade in Canadian and United States common and preference stocks became the larger proportion of the whole where bonds and debentures had been the larger proportion in the early half of the year.

Canadian and United States common and preference stocks have continued to make up the major portion of total transactions in 1937.

NET BALANCES OF SECURITY TRANSACTIONS
(In millions of dollars)

| | 1937 to May 31 | 1936 to Dec. 31 | 1935 to Dec. 31 | 1934 to Dec. 31 | 1933 to Dec. 31 |
|---|---|---|---|---|---|
| Great Britain | +18.2 | +12.1 | —13.1 | +78.3 | +53.2 |
| United States | —27.9 | —8.4 | +67.6 | —68.2 | +2.7 |
| Other countries | +6.6 | +4.2 | —3.4 | —1.2 | —4.9 |
| Total | —3.1 | +7.9 | +51.1 | +8.9 | +51.0 |

+Indicates greater value of securities sold to other countries than bought from them.
—Indicates greater value of securities bought from other countries than sold to them.

### Canadian Public Debts

When the net funded debt of the Dominion of Canada and the nine provinces is consolidated it amounts to $4,763 millions, equivalent to $435.60 for every citizen in the Dominion. If contingent liabilities of $1,432 millions are added, the total becomes $566.61 per capita, according to figures compiled by A. E. Ames & Co. Interest on this debt required $17.06 in the 1936 fiscal year from every Canadian citizen, although only 66 cents per capita was spent for debt retirement.

This burden does not fall equally on the residents of every province, however. The direct debt of the Dominion itself is equivalent to $293.67 per capita, but a resident of British Columbia, for example, is also responsible for his share of that province's debt which was $199.92 per capita at Mar. 31, 1936. The lowest per capita debt among the provinces is shown by Prince Edward Island, with $52.96, followed by Quebec with $55.59.

Debt charges required 34.1% of the Dominion's revenue in the year ended Mar. 31, 1936, and among the provinces this ranged from 47.9% in the case of New Brunswick to 24.3% in Prince Edward Island and 24.8% in Quebec.

• • •

### Revenues of Governments

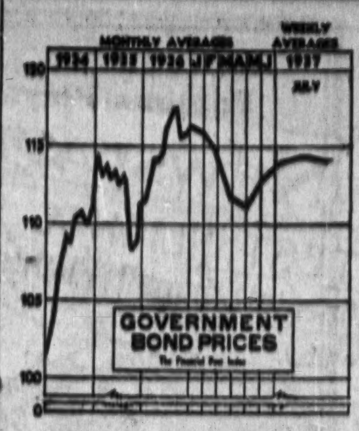
An analysis of the sources of revenue for the Dominion and the provinces, also prepared by A. E. Ames & Co., shows that taxation was the source of 85.2% of the Dominion's revenue. In the case of the provinces this ranged from 29.8% in the case of Saskatchewan to 60.1% for Ontario, but in every instance, except Prince Edward Island and Saskatchewan, taxation provided the largest single item of revenue.

Largest subsidies and grants from the Dominion were received by Alberta, with $3 millions, followed by Ontario with $2.9 millions. On a per capita basis, Prince Edward Island received federal grants and subsidies of $7.27.

Every province and the Dominion showed an increase in net debt during the period reviewed. In the case of the Dominion this increase was $199.6 millions, or $18.26 per capita. Average increase in net debt among the provinces was $6.43 per capita. Four provinces, however, Ontario, Manitoba, Nova Scotia and Prince Edward Island, showed increases of less than $2 per capita in net debt. Largest increase was shown by Saskatchewan with $17.16 per capita followed by New Brunswick with $13.32.

• • •

### Bond Index




A steady downward trend has been noted in high-grade bond prices over the past week and The Financial Post index of high-grade Government bonds is now over three points lower than a year ago. Most provincial issues have continued steady although Saskatchewan bonds have declined two or more points in the week.

Bond trading on the New York Stock Exchange has been extremely quiet, but the Dow Jones average of 40 corporation issues has recovered to over 101 after breaking below 100 a few days ago. On Saturday, July 10, trading on the New York Exchange hit the lowest level of activity for a two-hour session that has been reached since Aug. 4, 1928.

Actual trend of high-grade Government bonds in Canada is shown by the figures below:

The Financial Post Index of Average Price and Yield of High Grade Govt. Bonds

| 1937 | Price $ | Yield % | 1936 | Price $ | Yield % |
|---|---|---|---|---|---|
| July 13 | 113.70 | 3.287 | July 14 | 116.74 | 3.084 |
| July 12 | 113.70 | 3.287 | July 13 | 116.74 | 3.084 |
| July 10 | 113.72 | 3.283 | July 11 | 116.73 | 3.086 |
| July 9 | 113.72 | 3.283 | July 10 | 116.73 | 3.086 |
| July 8 | 113.74 | 3.281 | July 9 | 116.67 | 3.094 |
| July 7 | 113.74 | 3.281 | July 8 | 116.67 | 3.094 |
| Year's | 116.81 | 3.206 | Year's | 117.91 | 2.966 |
| Range | 111.80 | 3.505 | Range | 111.50 | 3.597 |

# St. John Defeats Recall Movement

### All Members of Council Re-elected by Good Margin

Approval of the administration of its city council under the leadership of Mayor D. L. MacLaren was expressed by the citizens of Saint John when they re-elected all the members of the council by large majorities in the recall election on July 9. Mayor MacLaren rolled up a vote of 3,494 as against 1,433 for his opponent, Dr. M. A. Oulton.

The same administration consequently was empowered to finish the two-year term for which it was elected last November. The November election marked a change from the commission form of government to the aldermanic system.

While the leaders of the recall movement had obtained a sufficient number of signatures to force a new election, some council members charged that the action had been inspired by a "disgruntled minority." The tax system and general administration of civic affairs were criticized by recall candidates.

### Bond Redemptions

| Bond Issues: | Rate | Year | Date | Price |
|---|---|---|---|---|
| Can Steamships | 5% | 1943 | Aug. 15 | 105 |
| Can. Cons Rub. | 6% | 1946 | Oct. 1 | 110 |
| Dom. Tel. Sec. | 5½% | 1978 | Aug. 2 | 100 |
| Steel of Can.* | 6% | 1940 | Aug. 1 | ... |
| B. Amer. Oil† | 4% | 1945 | Sept. 1 | 102 |
| Religious Issues: | | | | |
| Hotel Dieu St.-Valier, Chicoutimi | 5% | 1937 | Oct. 1 | ... |

*Tenders called for $427,567 for sinking fund purposes. †$207,000.

# Abandoning of Drought Areas In West Believed Unfeasible

(Continued from page 1)

big districts in Manitoba, a fair portion of Alberta and a small district in northern Saskatchewan where yields of over 20 bushels per acre will be harvested.

### The Wheat Gamble

Wheat growing in Canada has always been a gamble. The accompanying chart illustrates that point. From 1910 when the prairie acreage amounted to less than 8 millions, to the present acreage of nearly 25 millions yields have varied all the way from well under 10 bushels per acre to over 25. In this span of 27 years, however, there is no indication of any pronounced cycle either way. Sometimes, as in 1915, the season of the record yield per acre, there will be one huge crop with an abnormally poor one preceding it and a light one following. Sometimes there will be two good harvests in succession, as in 1927 and 1928. Never has there occurred before a cycle like the present, when five crops have all fallen below an average of 12 bushels to the acre, but across the line, in the northern States, where wheat growing is an older industry, such poor cycles have occurred, though rarely.

If there is anything very substantial in the theory that western land has lost much of its original fertility and the era of bumper crops is over then statistics from the northern states should furnish proof. But 50 miles south of the international border this year a fair crop of wheat is going to be harvested. The United States after two years of heavy importations to bolster a domestic shortage is again in the export picture with something in the neighborhood of 300 million bushels for foreign buyers. Former drought areas in the middle west are again buying agricultural implements and regular farm supplies in record quantities. Since the good crops of 1936 and 1937 in these States little has been heard of wholesale land abandonment in that region, except on some of the light soil, which never should have been ploughed in the first place.

### Manitoba Yields Higher

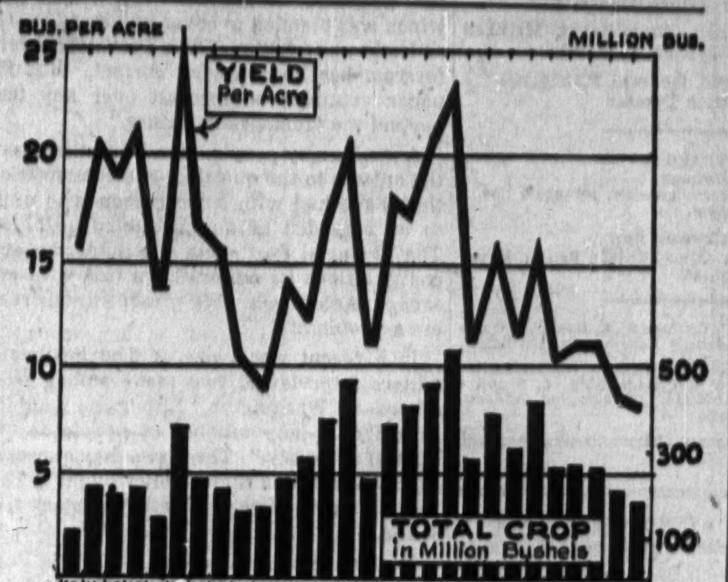
But if continuous cropping was rapidly depleting Canadian prairie resources then evidence should be forthcoming in Manitoba, where wheat has been a standard crop for well over a quarter of a century. But this, the oldest of the prairie provinces, will undoubtedly harvest the best crop this year. It is perfectly true that the fields of Manitoba are not as clean as they once were. There are more weeds, but incidentally this summer there is more wheat, too. Here is the record of yields per acre in that province in the last 22 years:

Manitoba Yields

| Year | Wheat bus. per acre |
|---|---|
| 1937 | 15* |
| 1936 | 12.8 |
| 1935 | 10.9 |
| 1934 | 14.6 |
| 1933 | 12.9 |
| 1932 | 16.6 |
| 1931 | 10.7 |
| 1930 | 16.3 |
| 1929 | 13.7 |
| 1928 | 19.7 |
| 1927 | 14.0 |
| 1926 | 22.6 |
| 1925 | 17.8 |
| 1924 | 16.9 |
| 1923 | 11.3 |
| 1922 | 19.3 |
| 1921 | 11.2 |
| 1920 | 13.9 |
| 1919 | 14.25 |
| 1918 | 16.25 |
| 1917 | 16.7 |
| 1916 | 11.0 |

*Estimated.

There is nothing very consistent or conclusive about this string of figures. They show good crops and poor crops depending on the weather. There is no definite evidence that the soil is being depleted. The recent average of about 15 bushels per acre compares more than favorably with that of 9.4 for 1900, when Manitoba farmers harvested 23.5 million bushels of wheat from 2.5 millions of acres. Incidentally, Manitoba's present spring wheat acreage is still 2.5 millions.




Since 1910 wheat crop yields per acre in the three Prairie Provinces have fluctuated from a high of over 25 bushels per acre in 1915 to a low of well under 10 bushels in the current year, but in this period there is no definite indication that low or high yields run in definite cycles. Upper line shows the yields and the lower pillars the resulting total crops.

While wheat growing records in our own west fail to reveal a cycle of dry years as prolonged and severe as those commencing with 1931, earlier and fragmentary records of original settlers and traders do indicate that this country had previously experienced some years when the water level was just as low as today.

A story is now going the rounds of southern Saskatchewan of two brick wells being discovered in a recently dried up lake bottom. Verification of the find is still lacking but the present Federal Minister of Agriculture, Hon. J. G. Gardiner, told the writer recently of a somewhat similar story. On his own farm in central Saskatchewan there was a small lake which for over 20 years had always been full of water. Yet the old Red River trail led down to this lake and reappeared on the opposite shore, indicating undoubtedly that in the early days the lake had never been there. Two years ago this lake, formerly 12 to 16 feet deep, dried up completely.

Agriculture since the world began has been one of the most hazardous of industries in so far as returns are concerned, absolutely dependent upon weather and faced with fluctuating values. Man never knows when he sows how much he will reap. Without the benefit of long term weather records it was inevitable that much land would be broken in the opening of the Prairie Provinces that could not produce profitable crops year after year. In wheat growing the gamble was all the greater because only in high semi-dry areas is the hardest and best quality wheat produced. It is now certain that a portion of the Canadian west should not have been ploughed, but only a relatively small portion. It is apparent, too, that precautions should have been taken during the good years to tide growers over the succeeding lean ones. Some form of crop insurance must come. A better type of farming, one that will be more adaptable to moisture conservation in a dry climate is probably necessary. Primarily grain consuming livestock, such as hogs and poultry, probably can be more widely incorporated with wheat growing rather than fodder and water consuming cattle. Science can assist in reorganizing this wheat growing country, but there is no indication yet that it will replace the old farm policy of "trial by error."

### Bond Tenders

5 p.m., July 22, Port Arthur—$36,200, 4% 1- to 15-yr. serial; $13,500, 4% 1- to 15-yr. serial; $96,900, 4% 1- to 20-yr. serial. A. Evans, treas.

10 a.m., July 15, Canadian National Railways Equipment—$14,300,000, 3¼%, 1 to 10 years. Philadelphia plan not guaranteed by company.

12 noon, July 14, Canada Treasury Bills—$25,000,000, dated July 15, 1937, due Oct. 15, 1937. Bank of Canada, Ottawa.

Prospectus of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.
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## Municipal Finances

**Prince Edward County, Ont.**—County council has set the county tax rate for 1937 at 6½ mills compared with 8 1/3 mills in 1936. Estimated county expenditures are $96,429 for 1937 against $119,723 in 1936. Reduction is stated to be due to action of the Ontario Government in taking over mothers' allowances and old-age pensions and a change in method of raising school taxes.

• • •

**Winnipeg, Man.**—The city council is paying the school board $250,000, which will be chargeable against the 1937 levy. In addition the province has agreed to advance $100,000 against the 1937 grant. These two sums will permit the school board to pay immediate liabilities. A conference is to be held between representatives of the city, the school board and the province to agree to a settlement of the differences between the two bodies. The Bank of Montreal has also agreed to finance the city's relief until July 20, 1937.

• • •

**Wellington County, Ont.** — The county tax rate has been set at 5½ mills, unchanged from last year. The amount to be raised by taxation in 1937 will be $194,693. The county assessment is $35.4 millions.

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**Port Arthur, Ont.**—Current taxes collected to June 30, totalled $437,005 compared with $374,046 in the corresponding period of 1936. Including collections on arrears, $535,801 has been collected in the first six months of 1937, or 52.31% of the 1937 levy against 46.01% in the first six months of 1936. Total bank borrowings were $177,400 at July 5. Tenders have been called on $148,600 of new debentures.

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**Grey County, Ont.**—The county has set the tax rate at 10 mills for 1938, a reduction of one mill from that for 1937. This rate will be levied on the county assessment of $25.8 millions.

• • •

**Windsor, Ont.**—The sum of $203,000 was set aside to pay expenses of refinancing the city under the order of the Ontario Municipal Board, which declared the plan in effect. Of this sum the various bondholders' protective committees get $36,297 for expenses and Rowell, Reid, Wright & McMillan, solicitors for the bondholders' committees, receive $34,637. The city of Windsor has been awarded $24,010 for its expenses and J. S. Macdonald, former city solicitor, gets $17,500. The city is now endeavoring to recover the money paid to J. S. Macdonald for fees.

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**Brantford, Ont.**—Cost of relief to the city for the five months ended May 31, was $85,670, compared with $81,020 for the corresponding period of 1936 and $120,982 in 1935. Gross cost of relief in Brantford for the five months ended May 31, was $213,325 with the Dominion and provincial grants making up the balance. Number on relief was 3,976 in May, 1937, a reduction of 1,632 from May, 1936.

## Bond Sales

**Hantsport, N.S.**

The town of Hantsport, N.S., has sold $18,500 of 4% serial debentures to Cornell, Macgillivray Ltd., Halifax, N.S., at 101.27. The debentures are being offered at 102. The new issue consists of two series: $14,000, dated July 2, 1937, and maturing $1,000 annually from 1938-51; $4,500 dated May 15, 1937, and maturing $300 annually from 1938-52.

• • •

**Ottawa, Ont.**

The City of Ottawa has sold $830,475 of 2%, 2½% and 3%, one to twenty-year serial debentures to a syndicate headed by A. E. Ames & Co. at 100.30. The proceeds of this issue are to be used to finance re-relief, roads and local improvements. The issue consists of the following: $623,000 of 2% five-year serials; $17,500 of 2½% ten-year serials; $122,870 of 2½%, fifteen-year serials; $67,105 of 3% twenty-year serials. A complete list of tenders follows:

| | Bids |
|---|---|
| A. E. Ames & Co., Royal Securities Corp., McTaggart, Hannaford, Birks & Gordon, Harrison & Co. | 100.30 |
| Collier, Norris & Henderson | 99.967 |
| Bank of Nova Scotia, R. A. Daly & Co., Hanson Bros. | 99.9144 |
| Wood, Gundy & Co. | 99.732 |
| J. L. Graham & Co. | 99.687 |
| Bank of Montreal | 99.63 |
| McLeod, Young, Weir & Co., Bell, Gouinlock & Co., Mills, Spence & Co. | 99.38 |
| Dominion Securities Corp. | 99.24 |
| Cochran, Murray & Co. | 98.91 |


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Parties offering must state the par value of bonds tendered and price delivered at Halifax.

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TORONTO, JULY 17, 1937


## The Financial Post's Platform for Canada

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2. *Abolish politics in C. N. R.*
3. *Merit system in public service.*
4. *Freer foreign trade through Empire preferences and foreign treaties.*
5. *Stable tariffs for balanced development.*
6. *Stricter laws to protect investors.*
7. *An even break for Canadian national newspapers and periodicals.*
8. *A modernized constitution.*
9. *Integrity in meeting public obligations.*
10. *Wider markets for our farms.*

## Deluding the Miners

WHILE the labor tie-up at two mines in the Cariboo area of B. C. is perhaps unimportant as a strike, it is significant in that it affords a splendid example of the tactics used by the Committee for Industrial Organization, an example which miners in Ontario and Quebec, partially organized under the C. I. O. banner, would do well to study.

The C. I. O. has made no claim that the strike at Cariboo is an illegitimate strike, or that they do not give it their fullest blessing, inadequate though that blessing has proved to be.

Whether definite promise of outside financial assistance was given prior to the strike on May 25, The Financial Post does not know, but it is certain that when the strike was called, the men expected it. In order to create this illusion, implication of outside assistance, at least, must have been given the miners by those responsible for their organization.

The strike has now been in effect for over a month and a half, and as yet, as far as can be ascertained, no money has come into the camp from outside the province unless one includes the salaries paid the professional organizers. Whatever money has come in, apart from that contributed from the men themselves through dues, has come from collections taken up among miners at Bridge River, and Ymir, and from the good people of Quesnel and Prince George.

What has happened in the Cariboo is simply that the men have been led into an unwise strike but have received no financial support from those who deluded them with fancy promises.

## Drought Area Will Come Back

THERE is hope yet for the drought areas of western Canada. Parts of the so-called "dust-bowl" in the United States have had very satisfactory crops this year, a little extra rain having made a great difference.

Many farmers in the prairie West have treated the land badly. It is on the authority of western soil experts that one can make the statement that large areas of the best wheat land in the West have been "mined." Some years ago, Hon. John Bracken, then a professor in the agricultural school at Saskatoon, published a book on "Dry Farming in Western Canada" in which he anticipated present drought conditions and, together with a group of other experts, gave advice on ways and means of preparing the soil to meet the more or less rainless years. Few farmers can be said to have followed the advice wholeheartedly.

Farmers cannot be blamed for lack of rain. All they can do is treat the soil with respect so that drought years will not permanently damage it.

Rain will come again in the Canadian "desert." So much we can hope from a study of long-term meteorological records. It is a tragedy that it did not come again this year. But it will come, maybe next year, maybe not for a longer period.

Meantime the distress in southern Saskatchewan continues to rest as in past years upon the shoulders of the country as a whole as a national problem calling for generous and unstinting aid.

If Canada will but see southern Saskatchewan through, that area will again pay bountiful returns to the nation. And when those returns come again it will be necessary to be more long-sighted in farming methods to guard against the erosion of another drought period. For while it is certain that rain will again fall in the dry areas it is also certain that drought will strike again some day.

## Boom in Sulphite Pulp

SULPHITE PULP has received a great boost in the past year from increasing demand for bleached pulp for rayon manufacture. As a result of rising prices and demand for bleached pulp, British Columbia mills are still enlarging their capacity. In eastern Canada there has been some expansion in manufacture of bleached sulphite pulp, and many new mills are being projected. In Ontario the greatest activity is under way. Existing companies have been either experimenting or expanding in pulp manufacture, and a number of large new mills to make the bleached product are either under construction or in process of development.

There is no doubt that the future for sulphite pulp is encouraging. But so was the newsprint industry a few years ago before it was overbuilt. It takes a good deal of time to build large mills such as those required for manufacture of bleached sulphite pulp, and the danger is that if too many mills are planned and get into production, we shall find ourselves with surplus capacity. It is conceivable that the bleached sulphite pulp industry would find itself depressed for a period, until demand expanded farther.

This may be the "cellulose age," as Viscount Rothemere expressed it in The Financial Post last year, but there is room for caution in making investments.

## Australia Shows the Way

CANADA may be larger in size, and, in the eyes of Canadians, more important, than her sister British Dominion, the Commonwealth of Australia, but there is much that Canada could learn from her smaller sister.

For the sixth successive year the Government of Australia has reported a surplus, revenues exceeding expenditures in the year ended June 30 last by £1,276,637.

This is in sharp contrast to Canada's record. Government deficits in this country continue large although we are now in the fifth year of business recovery. During the past six years, while Australia has been reporting surpluses, deficits of Canadian governmental bodies have been piling up at an enormous rate and debt has been increasing.

The budget surpluses in Australia also indicate that economic recovery in that country is much better balanced than in this country. In Canada, the continuance of government deficits threatens us with monetary instability. Unless the situation is corrected soon, Canada may find herself faced with a financial crisis surpassing that of 1929.

Few people seem to realize the dangers inherent in continued government deficits. If Canada continues to overspend in good times as well as in times of depression, then the ultimate result must be either repudiation of debts or inflation. One is as bad as the other and the effects on the country of either would be disastrous.

It may be argued that Australia has been free of many of the problems with which this country has been faced in recent years. True, but only because she faced up to her problems in the early days of her crisis and restored order to her finances and trade. In 1929 Australia was faced with national bankruptcy and her debt and finance problem was much greater than that of Canada's. Only through drastic action was Australia able to save herself from insolvency and to put economic activity in the country on a sound basis.

It is in this connection that Canada has much to learn from her sister Dominion. The governments and citizens of Canada are apathetic toward its problems. Rather than help themselves they appear willing to wait upon prosperity to solve their problems. Most serious students of public finance, however, are convinced that the only thing that can save us from a crisis in the future is resolute and constructive action on the part of the Government. Much distress and economic suffering could be avoided if Canada would come to grips with her budget problem.

## Rumors About Gold

A READER of The Financial Post demanded last week to know exactly what was going to happen to the price of gold. He was entitled, he said, to get an answer to that question.

The Financial Post has expressed a number of opinions on various phases of the gold problem but it has concentrated upon presenting the background of the situation and in discussing, without conscious bias, the various factors that bear upon the price of gold. It has no intention of making a forecast as to what United States policy on gold may be six months from now, or one year from now.

The Post has endeavored to refrain from the kind of hypocrisy displayed by one well-known Canadian mining writer who assures his readers regularly that gold is going up in price, but who remarked the other day to a group of friends that he hoped he would not be held accountable in the next world for all that he was writing in this world on the price of gold.

This paper, in numerous articles from Washington over the term of the past four years, has made it clear that there is one man who finally makes the decisions on all important matters of United States monetary or international policy. That is the man who sits in the White House. But Mr. Roosevelt has been as notable for the manner in which he evades final decisions on many matters as he is for making abrupt decisions on others. Latterly, he has done more evading than deciding, which may reflect a growing realization on his part that many of his moves have cured one evil at the cost of creating two new evils.

There are many persons, holding high offices of state in different countries, who have made very definite forecasts as to what is to happen to gold. We can refer to the three senior members of the South African cabinet, for example, who have said that the gold price will remain untouched. But does any one of them know? Is it possible to be certain in a matter like this?

Recently, when rumors were floating around that the price of gold would be cut within 24 hours or within a week or a month, The Financial Post asserted positively its opinion that the rumors were baseless, that nothing would happen to gold so long as conversations were being carried on regarding the proposed Anglo-American trade pact, which was planned to cover monetary as well as trade undertakings. The Post's short term forecast has been proved correct. But this paper ventured no forecast over any term beyond the "foreseeable future."

A good many people, who think they know the answer to the question, cite conversations they have had with some person who ought to be regarded as an undoubted authority. The Financial Post could cite numerous such conversations its editors have had with persons in high places. We present to our readers a problem:

In a recent week, one of The Post's staff editors interviewed two men—among many others—in Washington. Either one would be regarded by any number of people as "the highest authority." The views they expressed as to what United States policy ought to be in regard to gold were as different as black from white.

Each of these men has one ear of the President. How will the President ultimately decide between their conflicting counsels? Anyone who knows the President's lack of understanding of monetary problems and his habit of abrupt decision, often after a prolonged period of evasion of decision, would know better than to attempt to answer such a question.

There are many subjects on which positive forecasts cannot be made, although shrewd guessing can be done. When economic opinions differ and political considerations add further confusion to wise counsel, then compromises or mistakes may be made just as easily as statesmanlike decisions.

## Editorials in Brief

**Calvin Coolidge** reduced income taxes steadily and governmental revenues climbed steadily. Franklin Roosevelt has increased income taxes and yet has to complain about tax evasions making it impossible for him to balance his budget.

Maybe Mr. Roosevelt is administering the wrong medicine.

• • •

**Dominion Stores Ltd.** points out that in one year it spends $6 millions in Quebec in connection with its 124 stores in that province. The company protests against "discriminatory" taxation of chain stores. It has also joined United Cigar Stores and Laura Secord Candy Shops in a plea to Quebec City for a change in the method of applying the tax of $500 a store if the head office is not located in that city. It is suggested that the tax should be based on store revenue rather than on store units because the burden of the present system of taxation falls most heavily on chains of small stores.

• • •

**Under the heading** of "the making of the Great Canadian Desert" a Toronto radical daily publishes a photograph of a steer's skull lying on a patch of dried-up dustland.

The skull is an old familiar figure. We have seen it before in numerous photographs. About a year ago it was the subject of a minor scandal in Washington. Someone discovered that the propagandists for the United States department of agriculture had sent a photographer into the middle west to get pictures of the drought area. He had happened upon this skull and moved it around from spot to spot photographing it in several locations so as to give the impression that a vast area had gone desert while cattle had died from lack of water.

Now the Communist paper uses it again, this time transferring it to the drought lands of the Canadian prairies which have been "laid waste" and "are gradually turning into a virtual desert."

• • •

**What makes the** "World's Greatest Newspaper"? The Chicago Tribune has long been modest enough to claim that title. Why, we cannot say. Compared with the New York Times or the London Times it has seemed to us a poor paper; notoriously sensational and usually inaccurate in foreign news interpretation.

The other day the Tribune published a list of its accomplishments over 90 years. Some of these tend to support its claims. It was the first western newspaper to install telegraphic news service; it installed Chicago's first "power" press; it made illustrations a daily feature; it gave the U. S. Senate its first copy of the Versailles treaty; installed police radio in Chicago at its own expense; started printing on newsprint in four colors, etc.

But look at the other side. Is the Tribune really proud of the fact that it introduced comic strips in colors; and that it started the Daily News of New York?

## Sayings of the Week

"A man loses his independence when he joins a labor group of any kind."—*Henry Ford.*

"The right to work is sacred. The right to strike is equally valid."—*Martin L. Davey, Governor of Ohio.*

• • •

"We cannot permit all organized labor to be penalized because of the stupid mistakes of the C. I. O."—*William Green.*

• • •

"I firmly believe that preparedness plans would be quite sufficient to halt our plunging into war."—*Col. Edward M. House.*

• • •

"I think the majority of people are saying just one thing, 'a plague o' both your houses.'"—*President Roosevelt on the steel strike.*

• • •

"All success depends entirely on a political foundation, without which economic advances may appear to be built on sand."—*Josef Stalin.*

• • •

"The trouble that has arisen out of the civil war in Spain is only a by-product of the deeper causes of unrest in Europe."—*Neville Chamberlain.*

• • •

"Why must Moslem countries always quarrel? Why can't they live peaceably like Christian nations?"—*Emir Abdullah ibn Hussein of Transjordinia.*

• • •

"Farmers of southern Saskatchewan who have been hoping for a break in drought conditions are already on relief for next year."—*Hon. J. G. Gardiner.*

• • •

"Democracy cannot hope to survive unless the fountains of thought as well as the avenues of speech are left free and unimpeded."—*James Rowland Angell.*

• • •

"The construction of armaments from strained economic sources sow the seeds of disaster either in the form of a military explosion or an economic collapse."—*Cordell Hull.*

• • •

"If the Jews in the United States are behind this anti-German propaganda they are going too far. I can't understand all this talk about the horrors in Germany while nothing is said about Russia."—*Lady Astor.*

MAKING THE FRONT PAGE. —Cartoon by Grassick.

# Major Douglas on Aberhart . .

By JOHN W. MALLISON

THE ALBERTA EXPERIMENT. By Major C. H. Douglas. Published by Musson Book Company, Toronto. Price $1.50.

"The details of (Major Douglas's) diagnosis," says J. M. Keynes, "in particular the so-called A+B theorem, includes much that is mere mystification." Much of the strength of Major Douglas's advocacy has depended on orthodoxy having no valid reply to some of his destructive criticisms. His theories, continues Mr. Keynes, belong to the economic underworld.

Yet brave heretics have never wanted for followers. And when honest men are at their wits end, the underworld sometimes manages to come to its kingdom. Out of the agrarian tribulations of the great depression there emerged, in Alberta, a spirit of "try anything once"; the converts of Major Douglas returned to the Provincial Legislature the Government of Hon. William Aberhart with a mandate to set up "Social Credit" and make Alberta a land fit for farmers to live in. While the Economic Prophet was saying "Miracles do happen," the disciple set about wiring for details of how exactly the miracle should be worked. An account of the correspondence between prophet and disciple, together with other observation on Social Credit in Alberta, is given in Major C. H. Douglas's recent book "The Alberta Experiment."

### Only "Authentic Account"

The cover describes this book as the "only authoritative account of the social credit experiment in Alberta."

Whether or not this description be true, it as an account by the Prophet of Social Credit, and serves to clear up certain mysteries which perplexed the onlooker, who, though interested, was not yet a devotee.

"If an explanation of the causes of Mr. Aberhart's victory in 1935 were required in one word, that word would be debt," says Major Douglas at the beginning. And having made his diagnosis, he proceeds to show how the banks are responsible for the creation of debt.

To illustrate his point he recounts the story of the bank manager who was sent to Alberta to open a branch bank, taking with him $20,000 of the bank's own currency notes. In six months he had lent $600,000 on this basis, and had $80,000 in bills due to ordinary banking business. "This situation," explains Douglas, "had, of course, been achieved through the well-known principle that every bank loan creates its own deposit." This explanation, of course, is much too simple. The "well-known principle" applies to only the monetary and banking system as a whole, and even in the banking system as a whole $600,000 of loans are not built up on $20,000 of cash.

### Bankruptcy or Inflation

Now, the argument proceeds, because credit created in this way provides too small an "Effective Demand" to allow all produce to be consumed, it is necessary to supplement it with "Social Credit" which, Major Douglas explains, "involves the creation of additional purchasing power . . . by the reduction of prices below cost—while the financial deficit thus created is made up to the producer in fresh credits." Stated baldly thus, Social Credit smacks of nothing better than progressive bankruptcy. Otherwise the fresh credits need to be issued without being passed through the costing system, and without increasing prices. We have only Major Douglas's word for it that fresh credits will not raise prices; all experience points out that they will, in most circumstances, raise prices. Thus Social Credit leaves us the alternatives of progressive bankruptcy or progressive inflation.

It is precisely in this business of laying down the "how" of his system that Major Douglas is so unsatisfactory. He never tells us how prices are to be maintained below costs and the producer subsidized; or exactly how fresh purchasing power is to be introduced and the "costing system" sidetracked. When he is not occupied with the strategy of how reformers are to gain control of the credit system he is generally uttering platitudes about social objectives. In the covering letter, submitting his first Interim Report on the Possibilities of the Application of Social Credit Principles to the Province of Alberta (May 23, 1935) he said that a mandate should be asked for objectives, not mechanisms. Briefly stated these objectives were as follows:

(1) Drastic reduction of taxation, particularly on real property.

(2) A maintenance dividend as of right.

(3) A low price level within the province, with adequate remuneration to the producer and trader.

(4) Development of internal resources based on physical capacity rather than upon financial considerations.

It would not be too much to say that every well-meaning statesman in the past 50 years would have subscribed to each one of the above objectives save number two. And more recently, the second objective has in part been conceded under different names.

### The "Grip" of the Banks

The report itself was confined to showing how to gain control of credit, without indicating what was to be done with it when that had been obtained, or even demonstrating that the objectives were attainable. It is perhaps true to say that hitherto governments have gained access to the public credit through the confidence created by balanced budgets. But this, Major Douglas says, is merely an accounting device. Its sole purpose seems to be to allow the banks to maintain their grip on industry. The art of banking is "fooling some of the people all the time, and all the people some of the time," says he.

Major Douglas recommended three preliminary steps:

(a) The setting up of propaganda bureau;

(b) Establishment of a Credit Institution, and

(c) The accumulation of "foreign exchange."

It is in his correspondence with Mr. Aberhart after the latter's victory at the polls, that his vital lack of specific proposals was most clearly shown. Time and again Mr. Aberhart implored his Phophet to give details.

"Let us have the details of your proposals as early as possible so something may be done."

"We are awaiting the definite outline of your plans . . ."

Back came a reply from Fig Tree Court that first the banks and their nefarious policy must be defeated.

"The general outlines of a permanent plan are well under way, but it seems expedient not to commit them to paper at the present moment, in case the information should come into wrong hands."

### Horror of Sound Finance

The appointment of R. J. Magor as adviser to the Albertan Government and the attempts to balance the budget and put the finances in order by orthodox methods, filled Major Douglas with indignation. He could not co-operate on these lines, he said, but, replied Premier Aberhart, if Social Credit could have been installed before, how much easier it will be to install it with some semblance of order in the finances. But such innocence only proved to Douglas that his Albertan disciple did not understand the principles of the faith.

Indeed, this is Douglas's contention throughout the book. He says it was not Mr. Aberhart's economics which brought him to power; his arguments to support the $25 a month proposal would not bear examination; though Major Douglas now has "no doubt whatever that by suitable methods the essential promise could, and can, be validated." He adds: "Technical basis of Social Credit was never understood by Aberhart; his own writing is defective both in theory and practicability."

How far both men were out of touch with the realities of the situation is best shown by one of the "immediate measures" recommended by Major Douglas in a letter dated Sept. 5, 1935. He recommended that if a bank could be induced to co-operate, then it should be asked to credit the Provincial Government's account with $5 millions free of interest and non-callable. For its good offices the bank should receive one sum of 1½%, and bookkeeping expenses. Cheques drawn on this account should be credited to separate accounts which could not be cashed. Mr. Aberhart could not understand why these cheques should be restricted since the account was to be guaranteed by the Government; but he dismissed it as a detail. Later, he very naively asked, "Would it be advisable to issue prosperity bonds to the extent of $100 millions and sell the same to our citizens?"

### Friendship Cools

It is interesting also, to trace the growing coolness between the two correspondents. The form of address diminished in warmth from "Dear Mr. Aberhart," to "Dear Sir," and by Dec. 11, 1935, to plain "Sir," until, by the end of that month Douglas was writing, not to Mr. Aberhart, but to the "Executive Council, Edmonton." Unfortunate as it may be, these two correspondents seemed to be all the time at cross-purposes; they never seemed quite to grasp just what the other was getting at.

The book is not without its smart sayings, though the subtlety of some of them may have escaped the Major. "The expert should be on tap, not on top," he says. Throughout the period covered by the survey, Major Douglas was neither on top nor on tap. Later he says: "The financial system is essentially a system of black magic, and one of the best protections against black magic is not to believe in it." This from the man who has yet to prove that his own system is a magic of any lighter shade. Surely if the world adopts his own remedy of disbelief, he has only himself to blame.

Finally he says that "By a process of trial and error . . . it will become impossible for human beings to starve in the midst of plenty." Here he may be barking on the right note. But what value is there in that, when he is up the wrong tree.

# New Books

## Is Planning Feasible?

ECONOMIC PLANNING AND INTERNATIONAL ORDER. By Prof. Lionel Robbins. Published by the Macmillan Company of Canada, Toronto. Price $2.75.

Planning won't work because within a country competitive plans get in the way of one another, and as between countries various national plans cannot be reconciled. This is the gist of the argument of Professor Robbins, an argument presented with all the force and clarity that made his "The Great Depression" the best of the books on the causes of the economic crisis.

Professor Robbins remains an unreformed liberal of the realist school. He believes in social and economic planning; but the only master plan to which he subscribes is the liberal plan of free choice and individual effort, which provides a system by which all the conflicting plans of people and nations can be harmonized or made to work without the frustration of one plan by another. Prof. Robbins attempts to make it clear that he does not accept the narrow view of liberalism that would deny to government any rôle at all in the scheme of co-operation. Even a largely self-regulated economy requires a framework of law and order. It is the duty of government to provide this. Governments create security and a system of legal rights. Given security and order, then the system of free enterprise is the best system man has yet devised for planning his economic and social life.

### An Insecure World

This brings us, of course, to the bald fact that in the international sphere there is no security, little law and only precariously balanced order. Thus in practice the imperfections of liberalism are the imperfections of the international world. These are imperfections that are not, in Prof. Robbins's view, to be solved by any world state that is feasible or practical within the near future despite the fact that there is no long-run advantage for the members of the different national groups from the preservation of political sovereignty. In fact, the attainment of possible objectives in human welfare is frustrated by political accidents. The idea of the nation has been deified and we pay the price in poverty and hunger. It is more important for the world to surpass nationalism that to enjoy the social revolution, concludes Professor Robbins.

However, Professor Robbins's chief contribution is not to present the problem before the world, but to dissect the various forms of sectional, industrial, national and international plans that have been offerred by political and ideological theorists and to display the practical weaknesses that each one presents when considered against the background of human nature and against the failures of the modern world to believe in the principle of the international division of labor.

It is another great book that Professor Robbins has given us, as readable as a novel and as convincing as the Golden Rule.

# On the Spanish Front . . .

A Toronto citizen who was taking a holiday in Europe recently, decided he would like to visit Spain and see for himself what was going on.

Arrived at the border between Spain and France, he presented his passport which, he thought, entitled him to enter any country in the world as a Canadian citizen. He was chagrined to find that the border official to whom he was referred was not impressed by the passport, but pointed out that there was a war on, and that curious tourists could not enter the country.

Returning his passport to his pocket, the tourist hands touched a brass badge and a blue ticket which he had been carrying around with him for no good reason at all, ever since he left Toronto. Inspired by the touch of these articles, he produced them solemnly and passed them over to the official.

"Don't tell me," he said to the official, "that you have never heard of the C.N.E. or that the Canadian National Expedition means nothing to you."

The little badge, and the blue card printed in a foreign tongue, impressed the official.

"Pass friend," he said in effect.

And the friend passed, as far as Madrid and Barcelona.

Where consular influence, big names, and bluster had failed many times before, a press pass to the Canadian National Exhibition, 1936 had succeeded.

# Post-Scripts

## Don't Sleep on the Floor

THE Lethbridge Herald, in a special edition celebrating the golden jubilee of Cardston, Alberta, republishes the rules posted in the old Camoose Hotel at MacLeod. Dated Sept. 1, 1882, the regulations contained these somewhat surprising admonitions to guests:

"Guests will be provided with breakfast and dinner, but must rustle their own lunch.

"Spiked boots and spurs must be removed at night on retiring.

"Crap, chuck luck, stud horse poker and black jack games are run by the management. Indians and niggers charged double rates.

"Special rates to 'Gospel Grinders' and the 'gambling perfesh.'

"Every known fluid (water excepted) for sale at the bar.

"When guests find themselves or their baggage thrown over the fence they may consider that they have received notice to quit.

"In case of fire the guests are requested to escape without unnecessary delay.

"Guests without baggage must sleep in the vacant lot, and board elsewhere, until their baggage arrives.

"To attract attention of waiters or bell boys, shoot a hole through the door panel. Two shots for ice water, three for a deck of cards and so on.

"All guests are requested to rise at 6 a.m. This is imperative as sheets are needed for tablecloths."

# Other People's Views . . . .

### Unwise Investments
Champion (Alta.) Chronicle

Conditions as we find them today in this part of the country, or perhaps in any district, is not by any means due to crop failures alone, nor to poor governments, but to a great extent due to poor management coupled with poor investments. In the urban and rural communities businessmen and farmers have not invested their funds wisely in former years, and the cold fact stands out today that had the individual gone to his banker or financial house for information regarding investments, the country today would be in a much better position financially.

### Anglo-American Trade
Winnipeg Free Press

Canadians will heartily approve the open and vigorous support given to this movement for an Anglo-American trade pact by Mr. Mackenzie King, Prime Minister of Canada. Not all of them, of course; indeed the suggestion has already been put out in one quarter that Mr. King has entered into a sort of conspiracy with Mr. Hull to sell out the Empire to the Yanks, and there will be more of this sort of thing. But most Canadians will realize that there is something more than an enlargement of trade, important as it is, involved in this enterprise which, if successful, will draw all the English-speaking nations closer together. This is a consideration which far outweighs sparring over points and haggling over petty advantages.

### The North Pole
Regina Leader

A bit of discussion is going on as to what country is going to own the North Pole. The Americans were there first.

Then, too, Canada has a sort of claim to the North Pole. We are not just sure where it is but it is somewhere up north there back of Saskatoon and the Sherrit-Gordon mining property, the stock of which did not do as well as we expected. At any rate, it is too hot today to bother about finding out where the North Pole is but as we have heard old timers in this western country say that when they came in 82 they could run their cattle all the way from Indian Head to the North Pole, we think the Pole must be somewhere within Canadian territory. Otherwise how could the boys at Indian Head have run their cattle up that far back in 82, which many will recall as the year when there were very few Scotsmen and no potato beetles at all in this western country—of which we are all so proud to form a part.

Now the Russians have come along and have flown over the Pole and have a couple of fellows and a few dogs up there sitting around the Pole and whittling and stroking their whiskers and making bets of kopeks with each other as to what the weather is likely to be during the next six months spell of full moon. There are some people who have a suspicion that the Russians are after that Pole and want to make it into a community Pole and let everybody dance around it—(Ho, Ho, the Merry O!)—except Trotsky, and that something ought to be done toward making the Russians get up off their hummocks and move a piece away from the Pole. We do not know how close the Russians are to the Pole or whether they really want the Pole except as a place where they can go and sit around during the long summer evenings.

All of which means that we refuse this late June day to get excited about what nation is going to get title to the North Pole unless there is a guarantee that all the ice will be thrown down the back of our necks, free, gratis, etc.

And anyhow whoever gets the Pole will likely be around to the Debt Adjustment Board within a few months wanting to get the thing revalued, written down, or wiped out as a frozen asset.

**Week in Business**

# General Conditions Showing Improvement

## Business Lead Maintained — Crop News Improves — Returning Stock Market Confidence to Help Luxury Sales — C.I.O. Passes Peak?

This week witnesses definite improvement in the outlook of general business. It is now possible that the present moderate gain over 1936 may be maintained throughout the balance of the year.

Drought appears to be ending in the Prairie Provinces and while the change has come too late to save a great part of the wheat crop, there are now prospects of late livestock feed and less staggering relief bills in the dried-out sections next winter. Cooler weather, too, is helping most lines of retail trade.

News from security stock markets has been more encouraging. Observers are beginning to feel that the recent prolonged bear movement is ending. If this proves correct, then the former keen demand for semi-luxuries such as automobiles, travel, jewellery and furniture may again be expected.

Much was expected from tourist traffic this summer but the industry so far has fully justified all such expectations. Preliminary figures from various ports of entry, rail and boat estimates and reports of summer and other hotels all agree that the influx of visitors had seldom if ever been as heavy.

* * *

Reviewing closely allied United States conditions for the first half of the current year, Col. Leonard P. Ayers, vice-president Cleveland Trust Co., states:

"The gradual slowing down of business which has come as the inevitable result of the widespread labor difficulties, and of the increased costs of construction, has become apparent in only small degree as yet in the indexes of production and trade, but the adverse influences have shown their effects in the security markets."

However, this American authority is hopeful that the peak of labor trouble may have passed.

"The business of organizing workers into new forms of labor unions has suffered a setback as definite as that which has been under way in the stock market since last March. Until a few weeks ago there was a real bull movement under way for the C. I. O. Its power grew with its own momentum, much as happens in speculative markets for securities, or commodities, or real estate, and many observers came to believe that it was a one-way movement. Now it has suffered a recession, and both its followers and its opponents are wondering whether or not it may have reached and passed its peak."

## Business Indicators

**Railways**—For the first time in months, weekly carloads have dropped below the corresponding period a year ago. This is largely explained by the liquidation of Canada's wheat carryover. Last year at this time this liquidation was in full swing, but along with disposition of the 1936 crop it has been practically completed for some time. Dropping of C. P. R. gross earnings is attributed largely to the same cause. The C. N. R., located in moister grain country last season, still reports improvements in gross.

**Business index** of Dominion Bureau of Statistics still continues to show gain, rising more than a point last week over the 1936 figure.

**Trade**—Wheat and flour export for June shows sharp contraction. Reason—less wheat now than a year ago to sell and more competition for Canadian flour abroad. Cotton imports are higher, probably in anticipation of still higher advances in costs of raw material and better trade in finished goods this autumn and winter.

**Current trend** in Canadian business is shown by The Financial Post's index of business activity, with new figures for the week marked▲.

| | Latest 1937 | Latest 1936 | Jan. 1 to date 1937 | Jan. 1 to date 1936 |
|---|---|---|---|---|
| **Transportation—** | | | | |
| Car loadings, week (July 3) | ▲46,131 | 46,909 | 1,234,707 | 1,125,826 |
| C.N.R. gr. earn., week (July 7) | $ ▲3,507,111 | $ 3,212,113 | $ 96,503,722 | $ 88,673,546 |
| C.P.R. gr. earn., week (July 7) | $ ▲2,637,000 | $ 2,731,000 | $ 69,372,000 | $ 64,773,000 |
| C.P.R. net revenue (May) | $ 1,574,219 | $ 1,450,289 | $ 7,065,042 | $ 5,615,450 |
| C.N.R. net revenue (May) | $ 1,666,250 | $ 933,551 | $ 6,232,760 | $ 2,465,598 |
| **Business Conditions—** | | | | |
| Weekly index D.B.S. (July 3) | ▲108.1 | 107.0 | ...... | ...... |
| Financial Post index (May) | 120.0 | 108.2 | ...... | ...... |
| **Iron and Steel (May)—** | | | | |
| Pig iron production (tons) | 78,147 | 58,832 | 345,666 | 283,973 |
| Steel ingots and castings prod. (tons) | 120,843 | 94,602 | 594,433 | 496,504 |
| **Automobiles (Number)—** | | | | |
| Passenger Cars: | | | | |
| Domestic sales* (May) | 17,199 | 15,930 | 63,970 | 51,858 |
| Factory output (May) | 17,980 | 16,389 | 79,644 | 73,238 |
| Trucks and Buses: | | | | |
| Domestic sales* (May) | ▲4,332 | 3,297 | 14,837 | 10,999 |
| Factory output (May) | 5,478 | 3,617 | 25,086 | 16,310 |
| Exports (May) | 5,075 | 5,246 | 27,678 | 27,804 |
| Financing (May): | | | | |
| Used | $ 4,734,847 | $ 3,680,981 | $ 14,459,623 | $ 10,325,969 |
| New | $ 5,793,077 | $ 4,960,491 | $ 17,892,468 | $ 13,576,381 |
| **Construction—** | | | | |
| Cons. Contracts (June) | $ 30,369,600 | $ 20,803,400 | $ 110,375,800 | $ 77,708,500 |
| Production (Apr.)— | | | | |
| Cement, bbls. | 371,839 | 293,538 | 780,029 | 651,781 |
| Gypsum, tons | 65,708 | 40,007 | 102,360 | 53,100 |
| Clay | $ 289,272 | $ 226,722 | $ 730,664 | $ 609,875 |
| **Agriculture—** | | | | |
| Flour prod., bbls. (May) | 900,288 | 1,196,339 | 5,058,720 | 5,378,549 |
| Flour exp. bbls. (June) | ▲389,995 | 430,171 | 2,076,707 | 2,291,171 |
| Wheat exp. bus. (June) | ▲12,180,068 | 25,763,565 | 43,724,035 | 94,597,586 |
| Cattle sales (May) | 54,304 | 64,423 | 295,522 | 329,015 |
| Hog sales (May) | 79,135 | 73,491 | 439,876 | 379,203 |
| **Newsprint (tons)—** | | | | |
| Production (May) | 309,232 | 267,067 | 1,471,912 | 1,219,212 |
| Exports, tons (May) | 294,725 | 258,288 | 1,324,937 | 1,076,706 |
| **Mining (Apr.)—** | | | | |
| Coal prod. (tons) | 973,142 | 936,933 | 4,854,781 | 4,849,322 |
| Coal imports (tons) | 916,062 | 491,146 | 2,600,538 | 1,980,926 |
| Gold prod. (fine oz.) | 323,337 | 299,269 | 1,288,231 | 1,142,347 |
| Nickel prod. (lb.) | 20,286,884 | 11,018,947 | 71,964,212 | 56,889,480 |
| Copper prod. (lb.) | 41,989,288 | 35,491,618 | 159,493,890 | 139,171,909 |
| **Employment D.B.S. Index (June 1)—** | | | | |
| All industries | 114.3 | 102.0 | ...... | ...... |
| Manufacturing | 117.9 | 103.4 | ...... | ...... |
| **Electric Power Output (May)—** | | | | |
| Total monthly m.k.h.† | 2,301,167 | 2,083,363 | 11,500,794 | 10,413,106 |
| **Trade—** | | | | |
| Retail trade (index no. of sales) (May) | 78.9 | 72.2 | ...... | ...... |
| Imports (May) | $ 76,707,454 | $ 59,120,840 | $ 305,147,005 | $ 236,206,611 |
| Exports (May) | $ 101,576,635 | $ 84,515,466 | $ 416,950,132 | $ 344,603,615 |
| **Other Industrial Factors—** | | | | |
| Dressed lumber, exp.: | | | | |
| M. bd. ft. (May) | 152,758 | 136,894 | 680,443 | 554,498 |
| Boot & shoe prod., pr. (Apr.) | 2,219,297 | 2,065,587 | 8,017,938 | 7,525,384 |
| Crude petrol, imp. gal. (Apr.) | 56,307,660 | 54,142,896 | 213,849,975 | 220,312,360 |
| Cotton imports, lb. (Apr.) | ▲8,629,060 | 7,122,912 | 51,399,477 | 52,344,632 |
| Raw rubber imp., lb. (Apr.) | 3,009,070 | 2,416,012 | 15,363,473 | 14,662,625 |
| Cigarette cons. (May) No.† | 575,520 | 500,089 | 2,427,117 | 1,966,407 |
| **Sugar (lb.)—** | | | | |
| Melting & sales§ (raw) | 91,836,204 | 92,560,733 | 219,613,790 | 207,081,288 |
| Manufactured§ | 87,559,375 | 86,330,367 | 209,735,216 | 199,940,805 |
| **Finance—** | | | | |
| Bank debits (May)† | $ 2,768,765 | $ 2,979,199 | $ 15,294,091 | $ 14,111,283 |
| Bond sales (May) | $ 159,107,054 | $ 50,493,782 | $ 594,589,785 | $ 566,454,287 |
| Life insurance (May) | $ 31,858,000 | $ 28,411,000 | $ 155,078,000 | $ 150,020,000 |

*D.B.S. All-Canada figure comprising over 90% of the Canadian total. †000's omitted. §For 4 weeks to May 22.

## Halifax Tonnage Higher Saint John Is Down

From Our Own Correspondent

MONTREAL. — Cargo tonnage handled at the Port of Halifax during the month of June is reported by the National Harbors Board at 200,313 tons. This compares with 149,901 tons in June, 1936, and 108,753 tons in June, 1935. For the first six months of 1937 tonnage handled shows an increase of 130,313 tons, amounting to 1,208,638 tons.

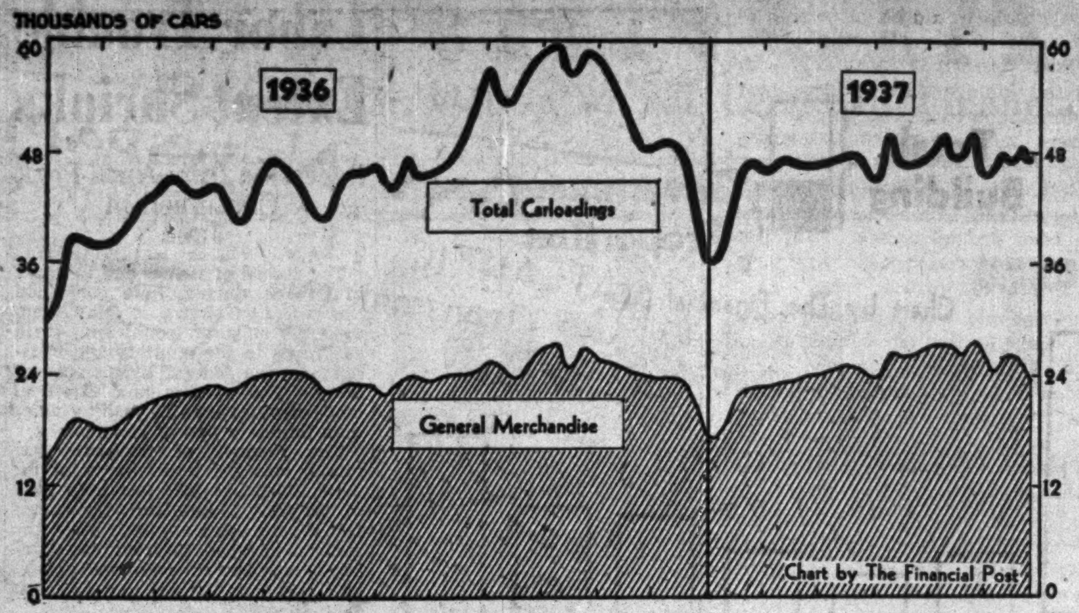
Tonnage handled at the Port of Saint John, N.B., in June amounted to 66,285 tons, a reduction of 8,583 tons when compared with June, 1936. Tonnage handled during the first half of 1937, however, shows an increase of 90,908 tons over the first six months of 1936, amounting to 1,182,476 tons.

Investments for Income

Favourable income returns are currently offered by securities of well-established public utility and industrial companies.

We shall be glad to submit suggestions on request.

Royal Securities Corporation
Limited
244 St. James Street, Montreal
330 Bay Street, Toronto 2
Offices throughout Canada; also in New York and London.




*MERCHANDISE MOVEMENT HOLDS STEADY IMPROVEMENT*

During the past 18 months, as the above chart indicates very definitely, Canadian domestic carloadings of general merchandise have been gradually improving with a cumulative gain for the first half of the present year of almost 90,000. The steadiness of this movement is in striking contrast to total carloadings shown in top line, where seasonal fall and winter shipments of big bulk commodities such as grain, lumber and pulpwood send totals soaring in the last four months of the year.

# *Value in Carloadings May Offset Grain Loss*

## Gain in Movement of Merchandise Marks First Six Months of Year — Total 10% Above Last Year's Figure

One of the best records of the progress of general business throughout Canada is supplied by weekly carloading figures and so far in 1937 that record has indicated unmistakable and steady recovery. Increases over 1936 have not been spectacular, but they have been substantial.

For the first six months the gain has been 10% or well over 100,000 carloads. With such a lead even a shrinkage of 125 million bushels (approximately 80,000 carloads) in the current wheat crop below the light yield of last year and a corresponding reduction in other grains should still leave total loadings for the year at least equal to 1936. This is not a bad record for the Dominion in a season when one of the main sources of railway revenue has been so badly hit.

**Move More Valuable Goods**

But total carloadings alone do not fully illustrate the present economic condition of Canadian industry. In the total such bulk commodities as coal, lumber, grain, pulpwood, ore and livestock occupy a position out of proportion to their total value. Such bulk is important, certainly, but one car of manufactured goods, filled with the type of products that the average family uses in steady quantities each week, is usually worth four or five times as much as a gondola filled with coal or a box car of 1,500 to 2,000 bushels of wheat.

A full car of coal could hardly be worth more than $500. At present prices one filled with prime steers would not be valued above $2,500 and the biggest load of wheat about $3,000. But if the same car was filled with general merchandise—boots and shoes, collars, shirts, hats, socks, furniture, automobiles, toothbrushes, paint, glass, or sugar—easily $25,000 worth of such merchandise might be included. In the last six months, figures as compiled by the Dominion Bureau of Statistics indicate that more of such valuable cars have been handled by Canadian railroads. Goods in this category usually are classed as "L. C. L." or "Miscellaneous." They account for 60% of total Canadian carloadings and the gain for the two in the first half of 1937 has been just under 90,000 cars.

**Steady Improvement**

Irrespective of stock market declines, gold price scares, increase of trucking, and a serious shrinkage in grain, coal and coke loadings from 1936, the movement of general merchandise has been forging ahead. The chart above shows that gain in comparison to total carloadings while the following figures give the comparisons in detail:

Canadian Carloadings (First 25 weeks)

| | Grain & feed, etc. | Live-stock | Coal and coke | Lumber | Pulp-wood | Pulp and paper | Other forest prod. | Ore | Merchan-dise | Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| 1937 | 96,073 | 39,836 | 153,334 | 50,738 | 42,481 | 69,270 | 47,373 | 48,532 | 638,273 | 1,188,576 |
| 1936 | 127,018 | 39,081 | 157,761 | 37,777 | 31,484 | 56,399 | 42,344 | 36,846 | 550,207 | 1,078,917 |
| 1935 | 109,056 | 34,463 | 146,415 | 36,238 | 47,033 | 49,607 | 51,239 | 34,672 | 559,826 | 1,068,549 |
| Change from 1936 | —22% | +2% | —2% | +35% | +35% | +23% | +14% | +31% | +16% | +10% |

In addition to indicating the steady increase in the movement of general merchandise these figures also reflect clearly the comeback of Canada's forestry industry. Carloadings of lumber, pulpwood and newsprint all have shown rapid increases in the last six months, notwithstanding a gain in that year over the one preceding. This recent gain, too, has already gone far to offset an already sharp recession in the grain movement and a still sharper one during the coming fall.

**Grain Decline**

There are two reasons for the decline already noted in this grain movement. First and of main importance was the harvesting of an exceptionally small grain crop last fall. Secondly, in the first half of 1936 there was, in addition to the usual seasonal marketing of grain, heavy liquidation of a wheat carryover which had been accumulating since 1930. This extra movement naturally swelled the early 1936 shipping figures out of normal proportions.

A small decline in coal and coke figures is attributed to the warmer winter last season and possibly also to an earlier opening of navigation on the St. Lawrence when coal would be promptly shifted from rail to boats.

Heavy gains in the movement of ore is explained almost entirely by increasing output of base metals, steel and iron.

## Marketing Ruling Adds to Confusion

### B. C. Decision Gives Boards Mandate to Continue Activities

From Our Own Correspondent

VANCOUVER. — Action of the British Columbia appeal court in ruling the provincial marketing laws intra vires has cheered the co-operatives and brought from the independent opponents of compulsory control a declaration that the battle is not yet ended.

Products directly affected by the marketing laws are fruit and vegetables, dairy products and halibut.

Actually, the appeal court decision has merely added to the confusion that has surrounded the business of selling natural products in British Columbia for many years. A few weeks ago Supreme Court Judge Alex Manson had found the marketing legislation invalid on the ground that the province lacked power to make such an enactment.

The new decision gives marketing boards a mandate to proceed with their activities which had been slowed down by the judgment. Fruit, vegetables and dairy marketing had been under a form of control for some time, but halibut control, although favored by a majority of the operators, had not yet begun to function.

## Foreign Trade

United States Department of Commerce reviews foreign business outlook as follows:

**Italy**—Industrial production maintained, and larger imports of raw materials. Only the smaller manufacturers are hampered by shortages.

**Greece**—April exports light and imports heavy, but statistics for four months show a considerable expansion in both directions.

**Turkey**—Difficulties in the operation of clearing agreements—especially that with Germany—adversely affected economic conditions in the first quarter of 1937.

**Egypt**—Foreign trade continues to show gains over last year with a considerable export surplus in the first four months.

**Bolivia** — Issuance of new exchange regulations and the improved situation in the tin mines brighten general outlook.

**Panama**—Active tourist trade is the principal factor in a highly satisfactory business situation.

**Honduras** — Activity prevails in the banana areas but elsewhere conditions sluggish.

**Haiti.**—Seasonal dullness is in evidence.

**Guatemala** — Business somewhat spotty in June, but tone of commodity markets was good.

**Trinidad, B.W.I.**—Strikes in the oil fields, spreading to sugar estates, and public works undertakings affect general business.

**Mexico.**—Uncertainty persists in industry during June, with business spotty and hesitant, owing to the anticipation of further labor trouble.

**Union of South Africa.**—Wholesale and retail trade good except for the restricting influence of uncertainty in gold mining areas.

**Japan** — Greater confidence in Government policies has strengthened business sentiment; business profits have been larger and foreign trade more active.

## Background of Business

### *Odorless Coal Oil*

The old-fashioned odiferous coal oil has long been known to possess very important advantages incorporated in drug preparations for human use. Improved methods of refining have now resulted in the production of a practically odorless kerosene, reports Drug Merchandising. The new preparation, which has a high degree of purity, can be used in hair tonics, as a cleanser and stimulator. Being a useful carrier of all valuable medicaments it does not make the skin greasy. It is readily absorbed and therefore makes a very desirable base for many liniments which must penetrate.

* * *

### *Paint Sales Rise*

Increases of from 16% to 35% in sales of paint this year are reported by leading Canadian companies in a survey compiled by Hardware and Metal, Toronto. Practically all companies reported the biggest increase in first quality lines. This trend, it is stated, is the result of generally improved business conditions and the desire of people to purchase good quality products when they have sufficient money to do so. Western Canadian dealers have shared in the general improvement with a big advance in sales of first grade house and barn paint. While most of the increase reflects better business throughout Canada, the Home Improvement Plan of the National Employment Commission is given a great deal of credit. Much of this newly purchased paint in 1937, it is reported, has been used for improving rentable properties.

* * *

### *U. S. Drinks Tea*

The famous Boston Tea Party probably gave coffee consumption its first big start in what later became the United States, but in recent years at least Americans have again been turning toward tea. Coffee, of course, is still, by a very wide margin, the leading table beverage, but in the first half of the current year tea consumption was up over five million pounds, or an increase of 15%. As a result, a special tea bureau has been organized in United States for still greater promotion in the future.

While no definite figures are yet available in Canada it is understood that promotional activities conducted by the Ceylon Tea Bureau have also been very successful in stepping up consumption of tea. Within the last year many large Canadian offices have adopted the practice of serving afternoon tea regularly to their employees, this development alone adding thousands of pounds to total consumption figures.

MONTREAL

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# Labor Trouble Slows Industry

## Operations in Three Provinces Affected by Disputes

Labor troubles in three provinces slowed industrial operations in a wide variety of industries during the past week. From 1,500 to 2,000 workers were affected.

Paper mill operations in Ontario and Quebec were hampered by strikes called by international unions because of union recognition disputes. At the Consolidated Paper Corp. mill in Three Rivers, members of the pulp mill workers and paper makers unions struck in protest against company's recognition of a National Catholic labor syndicate as collective bargaining agent.

At the Thorold, Ont., mill of the Ontario Paper Company, longshoremen were on strike because of a dispute as to whether the pulp mill workers or the longshoremen's union had jurisdiction over them.

Officers of the Ontario firm branded the strike as illegal and in violation of agreements between the company and a number of unions representing the employees.

Strikes involving disputes over wages were in progress at the Blind River and Thessalon (Ont.) establishments of the McFadden Lumber Co. and the Crane Lumber Co.; the John B. Stetson (Canada) Ltd. plant in Brockville (hat makers); the Peterborough mills of Dominion Woollens and Worsteds Ltd.; and at a number of Winnipeg factories affected by a walkout of hat, cap and millinery workers.

## Commodities

While most indices are higher there has been little net fluctuation in prices of leading commodities. Metals have been strong and also cotton and silk. Most food products on the other hand, including cattle, sugar and wheat have been easier. Rubber has declined slightly but hides are firmer.

Details are as follows:

Price Range

| | Latest week | Previous week | Same week last yr. |
|---|---|---|---|
| Cattle | $9.50 | $9.75 | $6.15 |
| Hogs | 10.90 | 10.25 | 9.60 |
| Copper, lb. | .14 | .14 | .09½ |
| Cotton, lb. | .1296 | .1249 | .1359 |
| Rubber, lb. | .1906 | .1938 | .1670 |
| Sugar, raw, lb. | .0347 | .0350 | .0370 |
| Silk, lb. | 2.02 | 1.92 | 1.69 |
| Wheat, Man. (bu.) | 1.44¾ | 1.50⅛ | .91⅞ |
| Coffee, lb. | .09⅜ | .09⅜ | .07⅝ |
| Hides | .16½ | .15½ | .10¼ |
| **Weekly Indices** | | | |
| N. Y. Annalist* | 95.3 | 94.2 | 84.0 |
| Fishers' | 92.9 | 92.5 | 83.8 |
| N. Y. Journal of Comm. | 92.3 | 92.1 | 82.0 |
| Crumps (Brit.) | 83.4 | 82.7 | 69.0 |
| U. S. Labor | 87.2 | 86.7 | 79.5 |
| Canada (D.B.S.) | 86.2 | 84.8 | 72.8 |

Monthly Indices

| | Latest month | Prev. month | Same last year |
|---|---|---|---|
| Canada (D.B.S.) | | | |
| Retail (June) | 82.6 | 82.8 | ... |
| W'sale (June) | 84.1 | 85.1 | ... |
| U. S. (Apr.) | 88.0 | 87.8 | 79.7 |
| Gt. Brit. (Apr.) | 108.9 | 107.3 | 91.9 |

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price. Toronto: Copper-electrolytic, New York; Silk — Japanese, 13-15 New York; Sugar — 96 degrees centrifugal c/f New York; Wheat—No. 1 Man. North. Ft. W.-Pt. A. Basis: Hides—No. 1 packer light native cows; Hogs—select bacons, Toronto.

*Revised.

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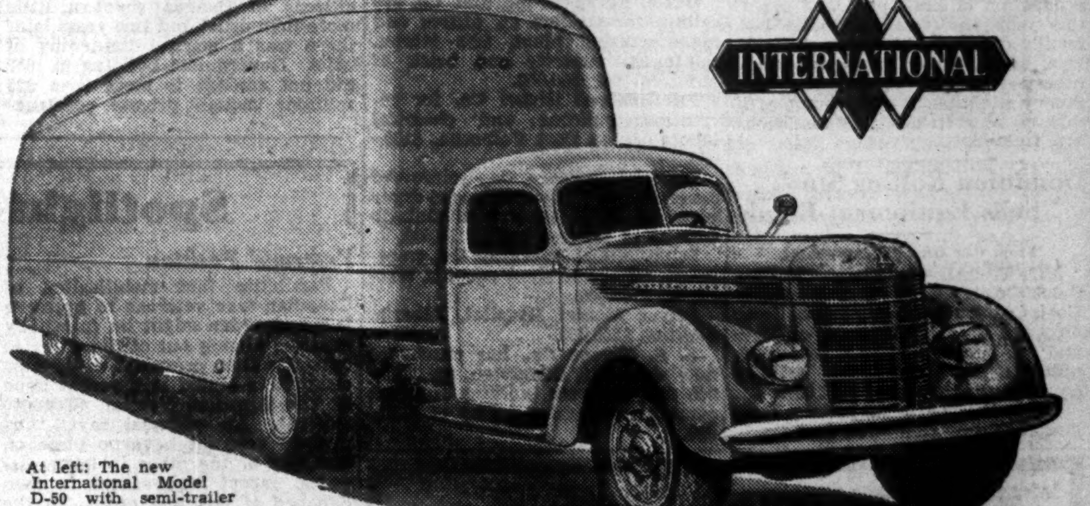


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INTERNATIONAL TRUCKS

# Sulphite Pulp Major Factor In B.C. Plans

## Swing From Newsprint is Indicated By Coast Developments

### MILL PROJECTS

From Our Own Correspondent

VANCOUVER.—Increasing world demand for bleached sulphite pulp for the manufacture of rayon is gradually bringing about a transition in British Columbia's pulp and paper industry. Newsprint will probably continue to dominate the production picture for a year or so, but developments of the last few months indicate that bleached sulphite pulp will gain increasing prominence.

Newest development in the pulp situation is the announcement that financing has been completed for the Prince Rupert pulp mill project, which has been under negotiation for nearly two years. Frank L. Buckley has returned from Montreal and New York confident that construction of a 250-ton bleached sulphite mill at Prince Rupert will be under way by September, and that by the fall of 1938 the plant will be in operation, employing in the mill and the woods more than 2,000 men. An investment of $8 millions is involved.

Originally financed in San Francisco, the Prince Rupert enterprise struck a series of barriers which now, according to Buckley, have been hurdled. Considerable Canadian money will be invested in the company, he says.

**Island Project**

Nootka Wood Products, Ltd., under the direction of A. E. McMaster, formerly general manager of Powell River Co., is now building a large sawmill on the west coast of Vancouver Island. At first the company will engage in a general lumber business, but it is understood that manufacture of bleached sulphite is the ultimate objective. It is understood that British financial interests backing the Nootka company hold large pulpwood limits on Vancouver Island and their development is regarded as a logical next step.

Every pulp and paper company operating in British Columbia is now proceeding with expansion. B. C. Pulp & Paper Company is converting both its mills at Port Alice and Woodfibre to sulphite pulp production and plans to double capacity to 600 tons annually during the next year. This programme represents expenditure of close to $1 million.

**Powell River Plans**

Powell River Co. is also entering the pulp field after years of concentration on newsprint. At a cost of $400,000 the company is putting in a kamyr wet pulp unit which ultimately will have a capacity of 100 tons daily. Most of this pulp is to be shipped to Japan.

Pacific Mills, Ltd., at Ocean Falls, is spending $200,000 on new storage and warehouse facilities to handle its increasing activity in pulp, newsprint and a variety of paper products. The company is now making a survey with a view to proceeding with a new power development to avert a recurrence of power shortage in the dry season.

Port Mellon Operating Co. started production of kraft pulp and paper this year and was suspended last month owing to shipping difficulties, high charter rates and temporary tightness of the Japanese money situation. It will resume production as soon as these conditions are righted.

## Dominion Rolling Stock Sells Equipment Bonds

From Our Own Correspondent

MONTREAL.—Dominion Rolling Stock Co., a subsidiary of Dominion Coal Co., made an additional issue on April 1, 1937, of $680,000 of 3½% and 4% bonds in respect to the acquisition of additional railway equipment at a cost of $912,067.

This additional issue has not been guaranteed by Dominion Coal Co.

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## Theatre Floor Slopes Upward

Orthodox theatres invariably slope their floors downward toward the stage. In Montreal this summer a movie picture house is being built completely reversing the design. The innovation, known as the parabolic reversed floor slope, is designed to eliminate several alleged objections of the other type of floor. The new slope, it is stated, has been developed successfully in France, United States and Great Britain.

The spectator will obtain a complete view of the screen without having to raise his head from its natural position. The body will tilt back naturally with the feet slightly raised.

## Construction World

*Low-cost Housing*

Winnipeg City Council has approved of a plan calling for a $75,000 low-cost housing corporation. Public spirited citizens, it is understood, will be asked to subscribe for $60,000 of limited-dividend preferred stock, while the city would take common stock in return for municipally-held land taken over in default of tax payments. By borrowing money from the Dominion Government under the Dominion Housing Plan at 5%, it is hoped that homes can be erected at a cost of $3,500 to sell for from $28 to $30 a month amortized over a period of 20 years.

The plan passed the City Council after considerable opposition. Two aldermen claimed that there was no demand for such low-priced houses in Winnipeg at the present time and if they were built private building would be discouraged for a long time to come. It was stated by one alderman that at least 100 houses were on the market in Winnipeg with no buyers. For a start, Winnipeg will probably build a $4,000 sample house to test the demand.

In the last few years there have been similar policies suggested in other large cities of Canada, but so far little practical work of the kind has been carried out.

• • •

*6,000-year Vault*

Plans are under way for the construction of a special stainless steel vault for 6,000-year storage at Atlanta, Georgia. Some time ago the president of Oglethorpe University in that American city, conceived the idea of assembling a record of present-day civilization and placing this away safely for our distant decendants to dig up some time after 8,000 A.D.

The actual vault will be built of permanent rust-resisting stainless steel and protected with masonry to withstand the wear and tear of time. Inside will be an array of information and objects so that the man 60 centuries hence may be able to get a clear idea of present-day civilization, even though normal connections between this age and that are completely severed.

## New Building

Daily Commercial News announces that

**O'Neil European Machine Co.** are calling for tenders on offices and manufacturing plant, two stories, reinforced concrete and brick at Montreal for $50,000.

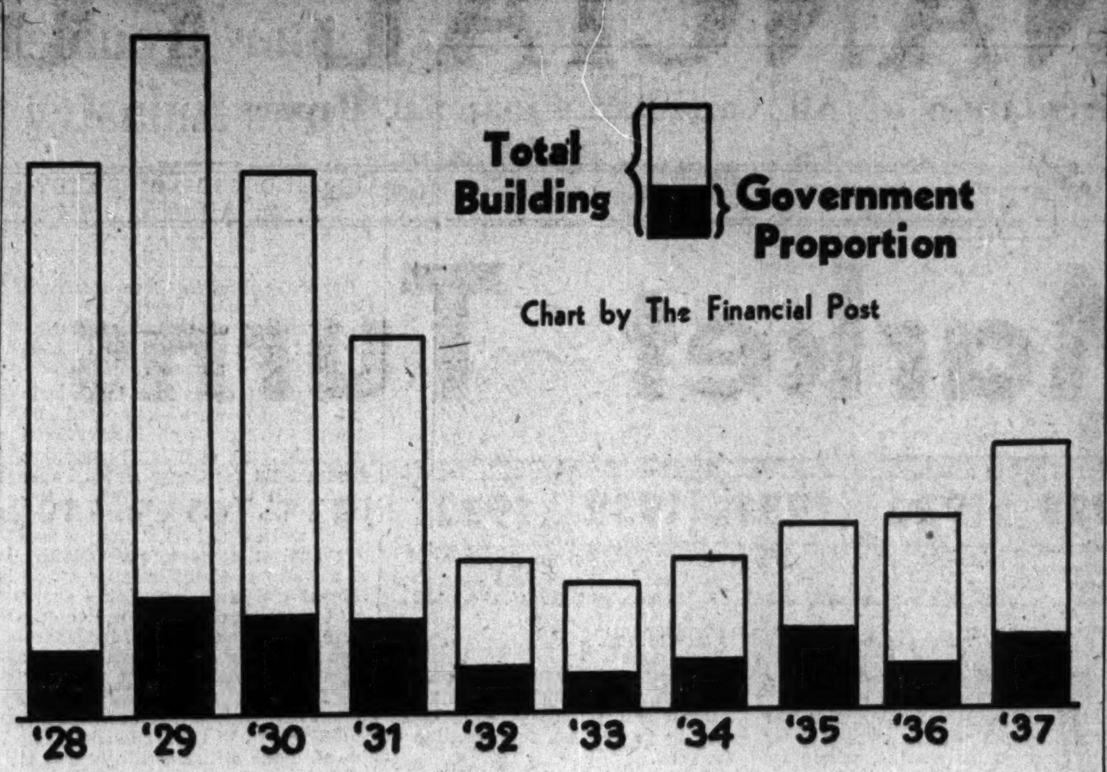
**International Nickel Co.** for recreation building and chemical laboratory at Port Colborne, $100,000.

**Imperial Tobacco Co.**, reinforced concrete and brick additions to dryer plant at Delhi (centre of Ontario flue-cured tobacco belt) $150,000.

**International Harvester Co.**, warehouse, office and show room at Winnipeg, $140,000.

**Oliver Mental Hospital**, Alberta, addition $250,000.

**S. S. Kresge Co.**, has purchased new store site, Edmonton, for $165,000 and proposes building store on same next year for outlay of $150,000.




*PRIVATE BUILDING TAKES UP SLACK*

Private building is regaining its dominant position in the Canadian construction picture as compared with that portion sponsored by the Government. During the worst years of the depression relief and other public building projects accounted for 50% of Canada's construction total. This year it is down well under 30% of a rising total. Pillars representing average monthly total of contracts awarded are based on MacLean Building Reports statistics.

**Construction**

# Privately Financed Building Regains Dominant Position

## Withdrawal of Govt. Relief Spending More Than Offset

What recovery the Canadian construction industry has made in the last 18 months, and there has been considerable progress, has been entirely due to privately financed building.

Since the end of 1935 relief construction projects of the various Governments have sharply declined with the resulting slack absorbed by private initiative. Necessary Government building in the form of roads, bridges and marine work, of course, is being carried on now as always, but practically all the other undertakings dictated by seriously rising unemployment during the depression have long been concluded.

Two years ago every other building project in Canada was being financed by Government money. This year there is almost twice as much building and only about 25% is in the Government category.

**Nearing Normal**

Normally construction paid for out of the public purse amounts to about 15% of Canada's total. This was the average proportion in the period just previous to the 1929 boom. Of the $472 millions of contracts awarded in 1928, for instance, something just short of $50 millions originated with Federal, Provincial and Municipal Governments. This money was spent on public buildings, roads, bridges and dams. In 1929 the various Governments like the various citizens of Canada spent a little more than usual, but two years later there was a general tightening of belts. Government building in 1932 did not amount to more than $25 millions though private construction had shrunk to only a little over $100 millions.

At this point the policy of relief works was inaugurated. All Governments which could afford it, pushed construction of every contemplated project in order to absorb unemployed. From 1932 to 1935 this programme was in full force with the Government's share of all building rising to a peak of almost 50%. During the period total construction figures, as the above table indicates, showed steady improvement, but gains were entirely due to relief building. Private construction in those three years never got far from $75 millions.

**Private Construction**

By the beginning of last year quickening national recovery reached the private construction industry. Relief projects were quickly concluded and no new commitments taken on. The federal public works programme alone dropped from $10 millions in 1935 to $5 millions in 1936. Provincial authorities also began to withdraw from the field.

## Building Record

The following record of construction over a period of 10 years shows the amount of Government money put into the construction industry during the depression years.

| | Contracts awarded (000's) $ | Proportion Govt. Building % |
|---|---|---|
| 1937 (6 mos.) | 110,375 | 26 |
| 1936 (6 mos.) | 77,708 | .. |
| 1936 (12 mos.) | 162,588 | 23 |
| 1935 (12 mos.) | 160,305 | 48 |
| 1934 | 125,811 | 38 |
| 1933 | 97,280 | 27 |
| 1932 | 132,872 | 30 |
| 1931 | 315,482 | 26 |
| 1930 | 456,999 | 15 |
| 1929 | 576,651 | 16 |
| 1928 | 472,032 | 12 |

## Shrinkage of $35 Millions In Public Budget Is Absorbed

This shrinkage of about $35 millions in public building total of contracts awarded, however, was fully absorbed by private construction. Despite the Government withdrawal in 1936, total figures actually registered a small increase.

For the first time in six years private building sharply reversed its downward or stationary trend and exceeded the previous year's private total by close to $40 millions.

This improvement in private building totals in Canada is clearly indicated by the accompanying chart. It shows the rapid rise in public construction not only in volume, but more so in percentage between 1932 and 1935.

The increase during that period was largely due to the erection of federal public buildings throughout Canada. Every city of any size saw the erection of at least one such building in which all federal offices were later concentrated. These buildings were mostly started in 1934 and 1935, hence the slump in Government building in 1936. The small rise in the current year again is due to another and more necessary type of Government building: roads. While relief projects like the Trans-Canada Highway have slowed down, tourists and commercial road projects have been stepped up. Paving contracts on heavy traffic intercity roads in Ontario and Quebec and the hard surfacing projects in Nova Scotia, New Brunswick and British Columbia, have been largely responsible for increasing recent expenditures.

## Spotlight on Labor

*Veterans' Position*

Possibility that mobilization of Canadian war veterans to preserve law and order might be forced by excesses arising out of the drive to extend union organization in this country, is hinted in a recent issue of The Canadian Veteran (Toronto edition). An editorial says: "Organized veterans have no place on one side or the other in labor disputes, except when there is open defiance of law and order. In the United States, recent strikes have been marked by riots and bloodshed and open defiance of the law. In one instance at least, civil authorities have asked the American Legion to stand by in case of the necessity arising of upholding law and order. It is not beyond the realm of possibility that a like call may be made upon veterans' organizations here."

• • •

*Scope of Mediation*

An interesting and somewhat unexpected definition of the function of boards of conciliation, mediation and arbitration was laid down recently by Clayton Adams, registrar for boards of conciliation and investigation provided for by the Alberta Labor Disputes Act.

Mr. Clayton took the position that the function of such a board is to attempt to settle a dispute only when a strike or lockout is contemplated, and to prevent such a strike. He declined to appoint a board requested by the City of Calgary and the Federation of Civic Employees to enquire into the dispute between the two bodies over wages and related matters, because there appeared to be no likelihood of a strike being resorted to.

This is in contrast with the stated objects of other mediation bodies, such as the newly appointed Trade and Industry Board in Ontario. It is designed, according to Premier Hepburn, not only to prevent and arbitrate strikes, but so to adjust matters between workers and employers that mutually satisfactory relations can be established before a strike or even a dispute is threatened.

• • •

*C.I.O. Denounced*

Allowing for the fact that William Green, as head of the American Federation of Labor, speaks for an organization fighting to preserve itself against the smashing tactics of the C.I.O., Mr. Green's comments on the C.I.O. record to date carry the weight of long experience in the labor movement. In a recent statement, Mr. Green declared that the C.I.O. strikes against independent steel companies had been lost and the C.I.O. had failed to meet its "first major test," because of violent and undemocratic policies pursued by John L. Lewis and his C.I.O. associates.

The A. F. of L. president declared the steel strikes had been lost because only a minority of the workers in the plants involved had been organized before the strike was called, and because public opinion had been alienated by C.I.O. activities in recent months.

• • •

*Secession from C.I.O.*

The C.I.O. was built up largely by secession of unions from the American Federation of Labor. Now the C.I.O. itself faces threatened defection from its ranks. Arthur Laverty president of the Cornwall, Ont., branch of the United Textile Workers, C.I.O. affiliate, has launched a movement for withdrawal from the U.T.W. of all Canadian locals and formation of an all-Canadian organization embracing also the textile units of the Catholic labor syndicates in Quebec.

Mr. Laverty gave as the two main reasons for his proposal:

1. Growing desire of Canadian textile workers for a Canadian organization.

2. Reluctance of employers to deal with unions affiliated with the C.I.O., thus hindering "establishment of satisfactory relationships between employers and workers."

The Cornwall development also ranked as another manifestation of the threat hovering over the hitherto united ranks of international unionism in Canada, of a split between C.I.O. and non-C.I.O. unions paralleling that in the United States.

• • •

*Labor Responsibility*

The drift of public opinion (especially among industrialists) favoring legislative control over labor activities has crystallized into a definite move by the United States Chamber of Commerce. As part of the Chamber's official programme, legislation is sought to "define labor practices unlawful for employees, employers and all others," and require legal responsibility of labor organizations. The Chamber wants to balance the one-sided Wagner Act with changes that will set responsibilities and restraints for labor as well as those now stipulated for employers.

The Chamber has also filed opposition to the New Deal wages and hours legislation, objecting chiefly on the ground that the bill is too all-inclusive, sweeping in its provisions, and restrictive of business.

## Montreal Tram Earnings Steady

From Our Own Correspondent

MONTREAL.—Gross earnings of Montreal Tramways for the first half of the current year showed a moderate increase over the corresponding period of a year ago, according to a statement issued by the Montreal Tramways Commission.

To the end of June the company carried 105.3 million revenue-paying passengers, against 101.4 millions for the first half of 1936, an increase of 3.81%.

The company recently announced rate increases amounting to $400,000 a year, which amount would just about offset the expansion in gross earnings indicated in the rise of total passenger cards, and 4% on last year's gross of $12¼ millions would be approximately $470,000. Accordingly net earnings for the six months period showed little change.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# Labor Trouble Extent Shrinks

## Recession from April Peak Continued in June

The record of strikes and lockouts in Canada during June continued the recession shown in May from the peak of labor troubles in April, according to the monthly report issued by the federal department of labor. The volume and effect of labor disputes are still vastly greater than the early part of last year.

The number of walkouts last month was 2½ times the total for June, 1936, but 10% less than May of this year. Numerically the strikes last month were approximately the same as in April, 1937, but the number of workers involved was almost 30% less than in May and 40% less than in April.

**Strikes Last Longer**

Time loss in man-working days showed an increase of 20% over May of this year, but was 60% less than in April. The increase in this respect in comparison with May was due mainly to longer duration of some strikes and failure to settle such disputes as the strikes of gold miners at Wells, B.C., and tannery workers in Toronto before the end of the month.

In comparison with June a year ago, the number of workers idle last month was 7½ times greater and time loss, 22 times greater.

The labor department lists as the chief disputes during the month those affecting coal miners at Stellarton, N.S.; gold miners at Wells, B.C.; tannery workers at Toronto, clothing workers at Sorel, Que.; silk workers at St. Hyacinthe, Que.; enamelware workers at Hespeler, Ont.; textile workers at Renfrew, Ont.; and highway workers at Glasgow, N.S.

Of the 39 disputes last month, eight were recorded as still in progress at the end of the month, leaving 1,650 workers idle. The disposition of the 31 terminated strikes was as follows: In favor of workers, 7; compromise settlements or partly in favor of workers, 12; in favor of employers, 2; indefinite, 7.

**Strikes in Canada**

| | 1937 June | 1937 May | 1936 June | 1936 May |
|---|---|---|---|---|
| No. of disputes | 39 | 44 | 15 | 14 |
| No. of workers involved | 7,461 | 10,255 | 1,060 | 3,938 |
| Time loss* | 66,037 | 56,920 | 3,310 | 28,712 |

*Man-working days.

## Estimate 4 Million Tons '38 Output of Newsprint

It is estimated that Canadian newsprint production will approximate 3.6 million tons in 1937, compared with 3,179,914 tons in 1936, in the July issue of "Investments" monthly publication of Nesbitt, Thomson & Co. The booklet estimates 1938 production at 4 million tons.

In the first five months of this year, all newsprint machines in production in Canada operated close to capacity, the booklet states, and output gained 21% over the same period of 1936.

Charts and statistics are used to show the growth of the Canadian newsprint industry. Location of the 36 principal mills in eastern Canada is shown by a special map.

# Canadian Car Co. Claim Deferred

## Motion to Accept Settlement Blocked by German Member

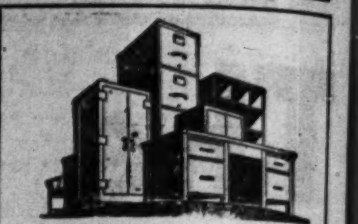
From Our Own Correspondent

MONTREAL.—Hopes of the Canadian Car and Foundry Co. that its claim for the alleged sabotage of its Kingsland, N.J. plant, by German agents during the war will be recognized by the German-American Mixed Claims Commission, have been again deferred.

An agreement was entered into last summer at Munich by agents of both Governments, for the settlement of the $50 millions of claims on a basis of $22 millions.

When the commission reconvened at Washington, the American motion that the Munich agreement be approved, was opposed by Dr. Richard Paulig, third secretary of the German Embassy and agent of the German Government, who was not a member of the commission that agreed upon the settlement. As a result of his opposition it was unanimously agreed by the members of the commission to dismiss the motion of the United States for the award of $22 millions.

The claim for war losses is still alive, despite the opposition shown by Dr. Paulig, as the commission will meet again to consider previous testimony.

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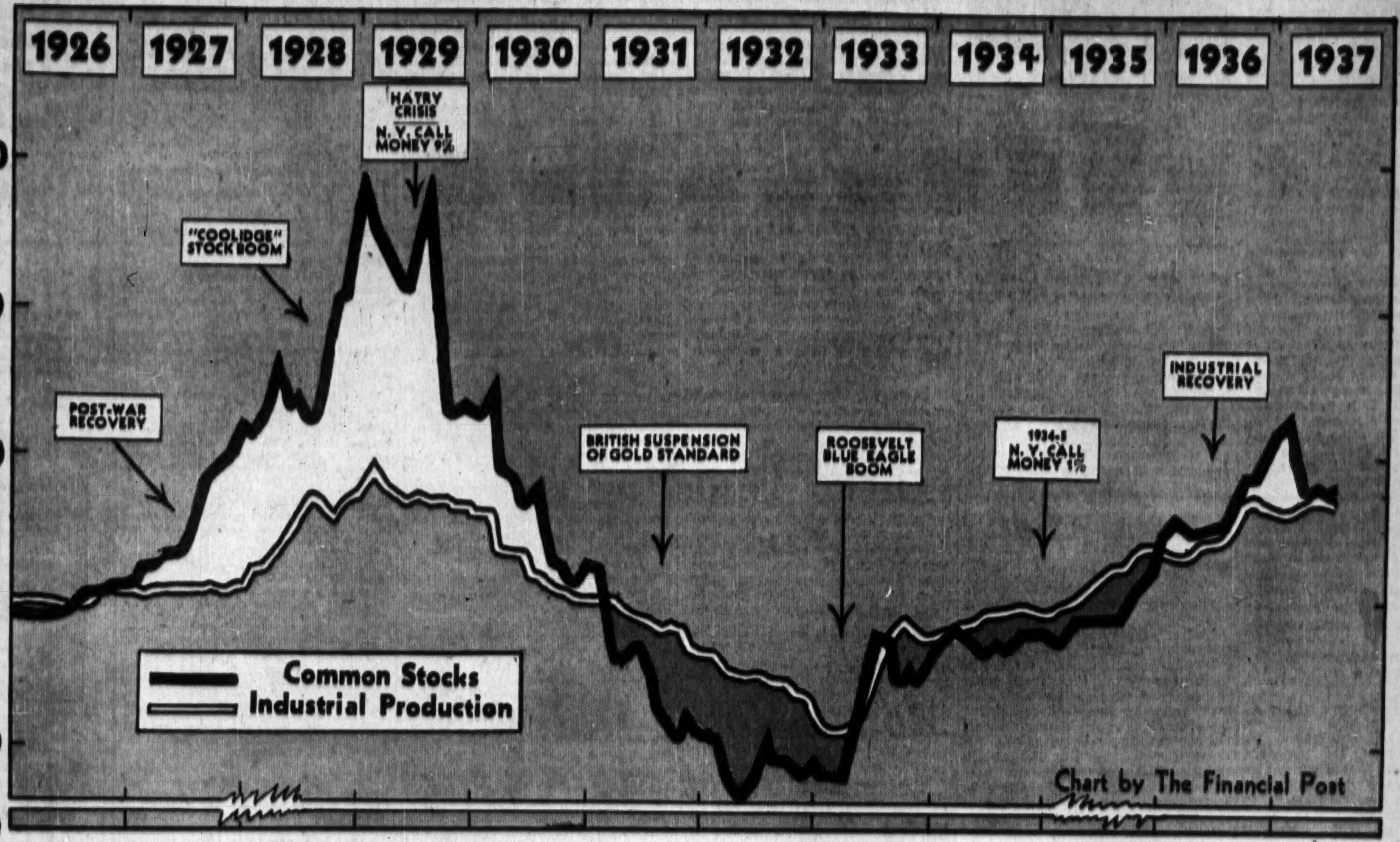
# The Stock Market Turns Upward




Canadian common stock prices, as measured by the Dominion Bureau of Statistics index, have been running closely in line with the Bureau's index of Canadian industrial production. This is a contrast with conditions in 1929 when prices of common stocks rose more sharply than the index of industrial production and reached a peak several months after industrial production had started to decline.

## Some Observers Believe That Upward Zig-zag of Prices Has Resumed

By C. W. STOLLERY

Stocks have risen this month in Montreal, Toronto and New York markets. And the upward movement, minor though it may be, has been receiving considerable attention from close students of the investment situation.

The reasons for this particular curiosity are, first, that there is a belief that the period of sagging prices from March to June has been completed; and, secondly, that the recent moderate rise may mark the beginning of a broader advance, perhaps running for several months.

Evidence that the decline of stock prices has been halted is as yet inconclusive, and indications that a definite upward trend has started for the months immediately ahead are also filled with uncertainty. But there is a wide body of opinion among stock market analysts and investment advisers that over a period of two or three years considerably higher prices are inevitable; that we are still in a major bull market.

For the long-term investor who does not need to worry unduly over month-to-month fluctuations in prices, advice being broadcast is to hold on to common stocks in progressive industries. This prevalent opinion is based on the conclusion that the business and financial factors which ultimately make for higher prices for industrial shares appear to dominate the outlook for the years immediately ahead.

### *Immediate Outlook*

What stocks are likely to do on Canadian markets in the five months remaining before another merry Christmas is another question. Opinion on month to month probabilities for stock prices is necessarily hedged with qualifications. Guidance may be obtained, however, from examination of the movements of stock prices this year in the light of probable business conditions.

That stocks entered 1937 in a spirit of whoopee, soon completing a rise of about two years' duration, is shown by averages for industrial shares as follows:

**Rise and Fall of Industrial Stocks**

| | Montreal (Exchange | Toronto indices) | N. Y. (Dow-Jones) |
|---|---|---|---|
| Close, 1934 ........ | 55.1 | 99.1 | 96.9 |
| Close, 1935 ........ | 69.3 | 129.5 | 143.1 |
| Close, 1936 ........ | 109.1 | 162.7 | 179.9 |
| High, 1937 ........ | †122.2 | *187.7 | *194.4 |
| Low, 1937 ........ | †100.3 | ‡157.0 | ‡165.7 |
| July 12, 1937 ...... | 109.1 | 165.9 | 178.7 |

*March. †April. ‡June.

The figures show the extent of the recent rise which has carried the averages substantially above the extreme low points for this year. The zig-zags in the three averages for the current year are also depicted in accompanying charts.

The striking feature of these charts and figures is that they show:

1. Since the initial fall of stocks, from March to the end of April, there has been pronounced resistance to further decline.

2. Although the recent advance is only one among several temporary movements, it has apparently established that stocks are at least no worse than in a "trading range" up to a level about 10 points above the year's lows.

Unusual significance is given to these developments by those who attempt to appraise the probable future movements of stocks. To quote one investment service:

"Prices have displayed increasing resistance to further decline and this suggests improvement in the technical outlook.

"Reversal in the month-to-month movement, which has been downward since March 10, would be indicated by a zig-zag upward trend in the averages."

It is the "zig" upward since Dominion Day that intrigues market interpreters. If it is followed by a "zag" downward, but of smaller size, and then by another "zig" to higher levels, the theoretical assumption will be that the direction of the price movement has changed to an upward course. The answer, of course, will be given by the stock market itself, perhaps within the next six weeks.

### *Business and Stock Prices*

Whether business conditions forecast the stock market or whether the market is an augury of future business, it is a certainty that good business and high stock prices go hand in hand. One cannot last indefinitely without the other, and an appraisal of economic factors that form the underlying basis for share prices is essential in judging stock market possibilities.

For this year, there are numerous adverse factors to take into consideration, such as:

1. Increased wages and higher prices for materials tending to moderate the rate of increase in company earnings.

2. Very unsatisfactory crops in the prairie provinces.

3. Labor unrest.

Higher costs in the form of wages and prices, however, have been met in numerous cases by the advantages from greater volume of business. And increased wages and commodity prices are resulting in greater income for wage employees and for producers of raw materials.

The reduced wheat crop in western Canada may also be offset to a large extent by the rise in price of wheat. It may also be noted that crop conditions in other provinces are relatively good and that the nation's total farm income may show an increase for 1937.

While strikes are bad for business, interfering with production and disrupting the normal partnership relations between employer and employee, they often signify that business is good and that labor organizations are taking advantage of that fact.

On the whole, therefore, Canadian business which has been better in 1937 than in 1936 appears likely to maintain a good pace over the months immediately ahead.

### *Longer-Range Prospects*

Looking deeper into the economic influences on business that are likely to make stocks go up or down over a period of two or three years, good reasons will be found for confidence that the recovery movement can still run a considerable distance. Major long-term influences on business and hence on stock prices include:

1. The inflationary expansion of credit on an international scale accompanied by rising money income.

2. A large potential demand for such capital goods as plants and machinery which has just started to become effective.

3. Tentative stabilization of currencies which, even with such disturbances as the French crisis, is expanding international trade and contributing to the rise of prices.

One of the first effects of the expansion of credit was the rise of gilt-edged bonds which appears to have been pretty well completed. This has provided some of the impetus for higher prices for dividend-paying stocks although its force now appears to have subsided. As long as credit conditions remain such as to support the present high level of bond prices there is a strong foundation for high stock prices.

Among the stronger arguments against the not uncommon apprehension that another lengthy depression may develop out of the recent slump of stocks is the factor of bond prices. Numerous investment analysts hold the view that if the yield on bonds is less than 1% below the yield on stocks it is an important danger signal for stock prices.

At present average yields on prime government bonds are more than 1% below yields on dividend stocks. The Financial Post average yield on government bonds is 3.3%, and The Toronto Stock Exchange calculates average yield on common stocks at 4.7%. This contrasts sharply with conditions in 1929 when bond yields were 5% or higher and stocks were selling at such high prices as to yield only 2% to 4%.

Potential business improvement arising from renovation and new construction postponed during the depression are apparent. Canadian railways have placed large equipment orders this year, chiefly because they could not continue indefinitely without new rolling stock. Expansion of newsprint sales has necessitated many improvements in mills, and Abitibi Power & Paper Co. alone plans to spend millions on plant improvements. Other industries are similarly situated.

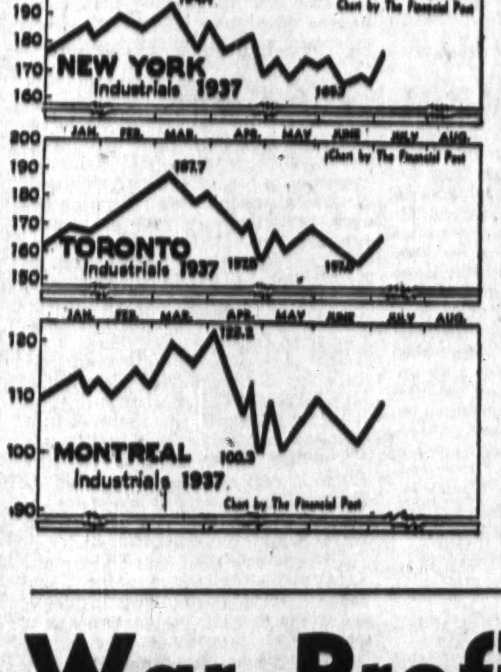
### *Currencies, Wars, Deficits*

In the wider field of international trade the measure of currency stability already achieved by major nations is resulting in expansion, and as trade increases it contributes to the rising spiral of increased prices and incomes. Sooner or later more definite stabilization of currencies is expected. Improvement in international trade means improvement in company earnings and common stock prices.

War in Europe is the greatest potential danger in the long-term outlook for stock prices. There is little doubt that outbreak of hostilities between larger powers would result in liquidation of Canadian and American stocks and withdrawal of European funds from this continent to finance war. At least temporarily the effect would probably be to send stock prices tumbling.

So far the fear of war does not appear to have been a major influence in stock markets. And investors haven't seemed much perturbed about the possibilities in the Far East.

Another adverse factor for business and stock prices from the long-range point of view is the accumulation of government deficits on an international scale. The French deficits have resulted in repeated crises and have served to show that persistent overspending by governments is dangerously inflationary. The huge American deficits have had less pronounced political and economic effects but may add to the severity of the next depression when it comes. Canadian government deficits, too, have a serious aspect and the fact that the remedy may lie in higher taxation is not good news for the stock market.




### *Where Stock Groups Stand*

How does the present position of the stock market fit in with this picture? The Dominion Bureau of Statistics Index for common shares shows that prices have recovered, on the averagee, to about 65% of the peak level of 1929. The indices also show that at the lowest point in 1932 the average of stocks was only about 21% of the 1929 level.

In other words, the D. B. S. calculates that on the whole Canadian stock prices are about three times the lowest level of the depression but are still only two-thirds of the 1929 peak. In itself, this would indicate that a considerable measure of the probable rise of stocks into a period of prosperity has already been realized. The figures for shares of companies by industrial groups, however, show that there is greater room for improvement in some industrial fields than others. Comparative levels of stock groups are as follows:

**Relative Position of Common Stock Groups**
(Dominion Bureau Indices, 1926=100)

| Group: | 1926-1936 High | 1926-1936 Low | 1937 July 1 | Below peak % |
|---|---|---|---|---|
| Industrial mines .... | 591.3 | 74.9 | 507.4 | 14.2 |
| Oil distributors ..... | 423.5 | 87.7 | 216.6 | 48.9 |
| Building materials ... | 281.1 | 44.3 | 179.3 | 36.2 |
| Food products ....... | 197.8 | 78.8 | 176.4 | 10.8 |
| Machinery, equipment | 432.5 | 39.2 | 143.4 | 66.8 |
| Beverages ........... | 205.4 | 33.8 | 128.3 | 37.5 |
| Flour milling ........ | 273.4 | 37.7 | 102.5 | 62.5 |
| Textiles, clothing ... | 113.5 | 30.8 | 77.3 | 31.9 |
| Public utilities ...... | 166.0 | 36.9 | 62.5 | 62.3 |
| Pulp and paper ..... | 113.4 | 3.0 | 35.9 | 68.3 |
| Total .............. | 198.3 | 43.3 | 127.7 | 35.6 |

Those stocks that are farthest below pre-depression levels, in order, are those of companies in pulp and paper, machinery and equipment, flour milling and public utilities. In the past two years there has been greater improvement for stocks in the depressed groups than in those of more stable industries.

## Outlook Still Hedged With Uncertainties but General Feeling Has Improved

The groups that are closest to the 1929 peaks are food products, industrial mines, textiles, building materials and beverages.

It will be noted that the stock market is now placing a relatively high value on shares of companies supplying the building industry, partly in anticipation of the demand that may arise from the deferred replacements and partly on improvement that has recently developed in metal and building trades.

The marked differences in the standing of the various groups of stocks raises the questions of immediate concern to the individual investor:

What are the best stock groups for further improvement in value and income in a period of prosperity?

What are the most promising individual stocks in those groups?

About a year ago, The Financial Post drew attention to a rule for common stock investment laid down by Herbert Casson in articles that appeared in Maclean's Magazine. Mr. Casson stated: "Buy the ordinary shares of the best companies in the most depressed industry."

The Post also pointed out at the time that a modified application of this rule would be in purchase of heavily depressed preferred shares of newsprint companies. Judged by stock market averages from 1929 to 1936, pulp and paper shares and those of machinery and equipment companies still represent the most depressed industries. But other standards of measurement might give somewhat different results. At any rate, the question of the best stock groups, and certainly the problem of the best individual stocks, are puzzles that the individual investor must solve largely on his own judgment.

### *Forecasting Stock Markets*

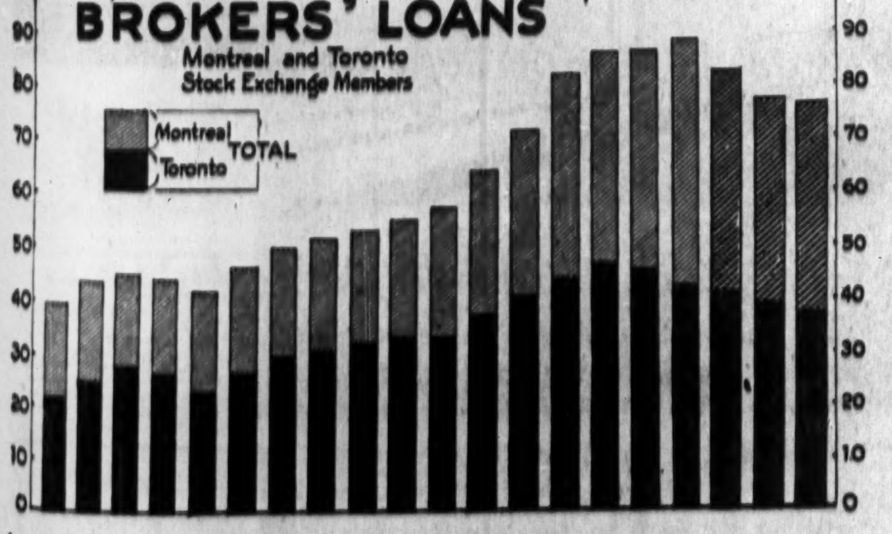
Stock markets are something like the weather. It is a good deal easier to explain changes after they have occurred than it is beforehand. And the reading of the numerous stock market barometers may arouse doubt rather than certainty for the prospects over the months immediately ahead.

What is perhaps worse for the investor in stocks is mass psychology which somehow works to discourage buying when prices are low, thereby permitting prices to sink farther than they otherwise would. It works the other way too, discouraging the investor from selling when prices rise, thus contributing to the advance.

The general result is an excess of pessimism in periods of reduced prices and over optimism when prices are high. The truth is that the longer stock prices rise the closer they approach the next major decline. Thus the fact that stock prices have been rising since 1932 suggests that a large part of the advance has been completed.

The present situation, however, is that the recent decline appears to be "saucering out," indicative that a temporary bottom is near and may already have been passed. It is not yet clear that a definite upward turn has started. By September, the evidence on whether stocks should be bought should be more satisfactory, but the best buying opportunities may then have passed. Meanwhile the prospects for stocks over the remaining months of this year and for the next year or two may be described in the prophetic words used in an analysis last December by a Canadian investment adviser:

"The outlook is good but one should be careful."




## Liquidation Reduces Speculative Borrowings

Combined borrowings on securities by members of the Montreal and Toronto Stock Exchanges were approximately $76 millions at June 30, compared with almost $77 millions at May 31 and a high point of $88.1 millions at the end of March. The decline reflects liquidation of weakly-held stocks and absorption by cash purchasers, and also reflects the decline of prices. The drop in borrowings is regarded as indicative of an improved position in stock markets due to removal from floating supply of speculative share holdings.

At June 30, net borrowings on securities by Toronto Stock Exchange members were $38,500,000, a decrease of $1,313,000 in the month and comparing with a peak of $46,763,000 at Jan. 30. Montreal Stock Exchange members' borrowings on securities were $37,452,000 at June 30, an increase of $385,000 in the month but a net decrease of $8.2 millions from the high point of last March.

In general, the reduction of brokers' borrowings represents a housecleaning in speculative accounts and smaller borrowings by clients on margin.

# War Profits Nipped in Bud

## Ottawa Appoints Civil Service Committee to Award Contracts In $35 Millions Defense Programme

OTTAWA. — Implementing unexpectedly its promise to the last session of Parliament to limit profits on governmental contracts in event of war, the Mackenzie King administration has adopted the policy of restricting the profits which may be made in connection with the contracts which it is now awarding as part of the Dominion's programme of more military preparedness.

A new federal body has been created for the purpose. Its title, according to the Order-in-Council which brings it into being, is "The Inter-Departmental Committee for Control of Profits on Government Armament Contracts."

It consists entirely of senior governmental servants, without a single political appointee.

It is given jurisdiction over the awarding of all contracts in the $35 millions programme for the modernization of the country's defense approved by the last session of Parliament.

Its purpose is two-fold, namely:

(1) To prevent profiteering in connection with any of the contracts.

(2) To prevent political influence from playing any part in the awarding of the contracts.

In brief, by turning over the awarding of all contracts to this new body, the Government is seeking a three-fold guarantee against profiteering, against political lobbying and against any charges of political irregularities, such as "rake-offs" to party funds.

The following are members of the committee:

Lieutenant-Colonel L. R. LaFleche, deputy minister of national defense, chairman.

C. Fraser Elliott, chief commissioner of income tax.

R. Sharp, chief inspectore of income tax.

Dr. W. Clifford Clark, deputy minister of finance.

H. Marshall, of the Dominion Bureau of Statistics.

C. W. Bolton, of the Department of Labor.

Charles Burns, director of contracts, Department of National Defense.

Among these individuals, Colonel LaFleche and Mr. Burns will contribute technical knowledge of military equipment and policy, Dr. Clark will be the watch dog of the federal treasury, Mr. Marshall will contribute a wide knowledge of Canadian industry; Mr. Bolton, who is the statistician of the federal labor department, will supervise the interests of labor wherever they may arise.

That leaves only Mr. Elliott and Mr. Sharp, chief commissioner and chief inspector respectively of the income tax branch, unexplained. Actually, they are looked upon in federal circles as the significant members of the committee. The committee policy will be to allow a "reasonable" profit on the contracts now being awarded. Obviously, this cannot be any arbitrary figure, for margins vary in different industries and a rate which might be adequate in one branch might be insufficient in another. It is this dilemma which the presence of Messrs. Elliott and Sharp upon the committee is generally regarded on Parliament Hill as intended to solve.

Necessarily the Government's policy depends for its effectiveness as much upon the individual industry's realization that it will not be able to conceal the profits which it may make, as upon any ability of the committee to arbitrarily lay down a minimum. Of the Government's ability to take retroactive measures against offenders who may be caught profiteering there can be no doubt. From the temper displayed by the Commons when the question of munition profits was under discussion last session, there would be little difficulty in inducing the Chamber to pass any legislation necessary to deal with delinquents.

**Life Insurance**

# Pension Plans Started By Canadian Companies

## Canadian Breweries and Canada Malting Inaugurate Security Schemes for Workers — Business Divided Between Four Insurance Companies

Indicative of a growing sense of responsibility toward employees, comprehensive group pension plans have been taken out this month with Canadian life insurance companies by Canadian Breweries, Ltd., and Canada Malting Co. Both are contributory plans, with the companies paying the lion's share of the necessary contributions and bearing the entire levy in respect to benefits for past services. The latter item has cost Canadian Breweries more than $250,000. Cost to Canada Malting is not stated, but will be substantial.

Apart from minor details such as initial age, term of employment before becoming eligible, etc., the plans are very much alike. The Canadian Brewery contract, which covers some 800 employees of that company and its subsidiaries, has been placed with four companies: Mutual Life of Canada; London Life; North American Life; and Confederation Life. The Canada Malting project covers more than 150 employees and is carried with the Mutual Life and the Confederation. Both plans are being administered by the Confederation Life.

**Monthly Income Basis**

Under the plans, voluntary for present employees but obligatory for those who join the companies from now on, each eligible employee will receive a monthly income payable for life from the date of his retirement—in the case of male workers, 65 years. The amount of this income depends largely upon the number of years he has been with the company and his salary bracket, and on the credit paid by the company in regard to his past services.

The employee is afforded plenty of leeway in the schemes. He may retire within 10 years of the normal retirement age, naturally with a proportionately smaller income. Or he may elect to continue working past retiring age, for as much as five years, with a resultant higher income payment. He may even prefer a smaller income schedule with provision for its continuance after his death to a dependent.

**Return of Funds**

In the event of his death before retirement age, the total amount of his contribution will be returned to his estate. If he dies after retirement, but before income payments equal his contributions to the fund, the difference is refunded to his beneficiaries. If the company and employee sever connections, for any reason at all, the employee has on option between receiving the amount of his contributions in cash or a retirement income based on the total he has contributed to the fund.

Under the plan a Canadian Brewies employee earning $1,400 a year who joins the plan at age 42, having then completed 10 years service, would be assured a monthly income of just under $50 after his retirement at 65. If he lives for the normal expectancy of 13 years, he would receive payments totalling $7,774, compared with his total contributions of $1,056.

In regard to the Canadian Breweries plan, retirement income will be on average about twice as large as employees could purchase individually from an insurance company for their share of the cost.

**HEADS INSTITUTE**

J. G. Parker, general manager and actuary of the Imperial Life Assurance Co., who has been elected president of the Life Insurance Institute of Canada. Mr. Parker is a past president of the Actuarial Society of America and of the American Institute of Actuaries.

### Saskatchewan Hail Body Allows Premium Rebate

Saskatchewan farmers whose crops are insured with the Saskatchewan Hail Insurance Association may cancel their hail policies up to July 31, if the crops are destroyed by drought or wind. The association is releasing the policyholders from all hail taxes if the crop was destroyed by hail before June 30 and a ratable proportion if destroyed during July.

**Fire and Casualty**

# *Conference to Discuss Competition Problems*

When the Association of Superintendents of Insurance convenes at Toronto next month, it is quite likely that H. D. McNairn, Ontario superintendent of insurance, will bring up the ticklish problem of competition in the fire and casualty business.

Early this year, the Ontario superintendent called his meeting of representative fire and casualty men, told them that from information he had received he felt the business was in a worse state than at the time of investigations in 1916 and 1929, and gave a "period of grace" in which the companies could either refute the allegations made against them, or show that adequate steps were being taken to cope with conditions. A second meeting was held late last month, and it is understood a report has since been forwarded to Mr. McNairn outlining measures which are under way or contemplated in an attempt to improve the general situation.

Generally speaking, insurance men are inclined to agree with Mr. McNairn that excessive competition has led to certain unsavory conditions. Many feel, however, that these are inherent to the business and must be dealt with over a period of time by those actually engaged in it.

**May Be Private**

Whether or not Mr. McNairn will introduce the matter in general session of the conference or in private meeting of the superintendents themselves is not known. Close observers, however, are of the opinion that he will submit the reasons for his action and the results to his fellow superintendents, and will probably seek their opinion. No public statement in this respect has been made by any other than the Ontario superintendent. It is believed, however, that at least one, and probably more privately approve of the course which the Ontario superintendent has adopted.

Most of the agenda of the conference, which meets on Aug. 23, 24 and 25, arises out of last year's conference at Quebec and the legislation and other regulations which have been recommended to the various provinces for enactment. In connection with life insurance, it is likely that most interest will centre in the discussion on group life insurance, and the desirability of enacting special legislation relating to group life and annuity contracts. The question of definition in this respect will probably be raised.

**Joint Committee Report**

In respect to fire and casualty insurance, the discussion on the report of the committee on uniform definitions and interpretation of underwriting powers has assumed added importance in view of the recent statements of western superintendents approving the work of the committee. Consideration will be given to further legislation to enable more efficient administration of the insurance acts of the provinces, particularly in respect to charter and license powers of the companies in order to bring the uniform definitions in line with requirements and practice.

The report of the standing committee on accident and sickness insurance legislation will introduce proposed amendments to the act dealing with group accident contracts and the use of renewal certificates.

In addition to the committees referred to above, reports will be submitted on fire insurance, automobile insurance and standard forms, credit and free insurance evils and annual statement blanks.

It is expected that representatives of all provinces will be in attendance.

### Accident Toll Mounts Steadily

Death toll of automobile accidents is steadily increasing according to figures released by the Dominion Bureau of Statistics. Last year's total in Canada was 1,309, compared with 1,224 in 1935 and 1,115 in 1934. Prince Edward Island, New Brunswick, Quebec, Saskatchewan and Alberta all reported a greater number of automobile fatalities in 1936 than in the previous year. Manitoba was unchanged, and Ontario, Nova Scotia and British Columbia showed improvement.

Saskatchewan had the lowest death rate, five per 100,000 of population. Other provinces compare as follows: Manitoba, 7.5; Prince Edward Island, 7.6; Nova Scotia, 10.2; New Brunswick, 9.4; Quebec, 12.0; Ontario, 15.2; Alberta, 9.3; British Columbia, 13.5.

### New Licenses

Federal Fire Insurance Co. has been granted a license by the federal department of insurance authorizing it to transact the following classes of insurance: Fire, accident, burglary, plate glass, and, limited to properties insured for fire, falling aircraft, earthquake, tornado, hail, sprinkler leakage, limited or inherent explosion, civil commotion. Herbert Begg, Toronto, is chief agent.

• • •

The following companies have been licensed to transact insurance against property damage caused by vehicles in addition to the classes of business for which they are already registered: Boston Manufacturers Mutual Fire; Fall River Manufacturers' Mutual; Worcester Manufacturers' Mutual; Paper Mill Mutual of Boston; Cotton & Woollen Manufacturers' Mutual of New England; Rubber Manufacturers' Mutual; Industrial Mutual.

• • •

The following companies have been licensed by the federal department of insurance for the classes of insurance named in addition to those for which they are already registered:

Mercantile Insurance Co. — Falling aircraft, civil commotion, property damage caused by vehicles.

La Fonciere Insurance Co.—Falling aircraft, hail, limited or inherent explosion, civil commotion, sprinkler leakage, tornado, property damage caused by vehicles.

Affiliated Underwriters — Automobile excluding bodily injury.

• • •

Wellington Fire Insurance Co. has received a federal license to transact fire and automobile insurance, and, in addition, limited to properties insured for fire, falling aircraft, earthquake, tornado, hail, sprinkler leakage, limited or inherent explosion, civil commotion.

• • •

The following companies have been licensed to write insurance against damage to property caused by vehicles in addition to the classes for which they are already licensed:

Springfield Fire & Marine; Palatine; British & European; British General; Manufacturers Mutual Fire; Rhode Island Mutual Fire; State Mutual Fire; Mechanics Mutual Fire; Enterprise Mutual Fire; American Mutual Fire.

### Stock For 'Phone Workers

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada issued 425 shares during June under the employees stock plan. This brings the number of outstanding shares up to 788,161.


LOANS FOR EXPANSION

The counsel of the officers of this Bank, which has a background of 81 years' experience, can be helpful to the business firm or individual planning to expand their operations. We invite executives of business enterprises desiring Bank Credit to discuss their loan requirements with us.

THE BANK OF TORONTO

Incorporated 1855

BT2037



AUSTRALIA and NEW ZEALAND
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
(With which the Western Australian Bank & The Australian Bank of Commerce Ltd. are amalgamated)

| | |
|---|---|
| Paid-up Capital | £8,780,000 |
| Reserve Fund | 6,150,000 |
| Reserve Liability of Proprietors | 8,780,000 |
| | £23,710,000 |
| Aggregate Assets 30th Sept., 1936 | £118,150,000 |

A. C. DAVIDSON, General Manager.
[illegible] BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.
HEAD OFFICE: GEORGE STREET, SYDNEY.
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Agency arrangements with Banks throughout Canada.



Are You Participating?

LAST year Northwestern Mutual distributed $1,143,737 in dividends to its policyholders. As a result the actual net cost of fire insurance on thousands of Canadian homes and businesses was substantially reduced.

Enquire of our Nearest Office.

BRANCHES: Toronto, Hamilton, Ottawa, Montreal, Quebec City, St. John, Halifax, Winnipeg, Saskatoon, Calgary, Edmonton, Kelowna, Victoria, Vancouver

NORTHWESTERN MUTUAL FIRE ASSOCIATION
Non-Assessable Policies Assets $6,000,000


### New Offer Made To Keefer Realty

#### Time for Deposit of Bonds Extended—74% of Minimum on Hand

From Our Own Correspondent

MONTREAL. — Keefer Realty Corp. bonds to an aggregate amount of some $340,000, have been deposited with the Montreal Trust Co., trustees. This is nearly 74% of the minimum amount required to authorize the protective committee to arrange sale of the assets.

An offer has been made to purchase the building for $450,000, which sum, after sundry deductions, would permit payment of 52 cents on the dollar on the first mortgage bonds.

The committee has recently been offered a higher price, it is said, and it is expected that its terms will be made public to bondholders around the end of this month.

Meantime the time for deposit on the bonds has been extended to July 31, and it is said that provision will be made for further extensions if the necessary amount of bonds is not by then deposited.

### Dividend of 25 Cents Payable By Cons. Press

A dividend of 25 cents a share has been declared on the 50,000 outstanding common shares of Consolidated Press Ltd., payable Aug. 1, 1937, to shareholders of record July 15. A payment of 25 cents made on May 1, 1937, was the first dividend by the company since 1931.

In the year ended March 21, 1937, the company showed earnings equivalent to $1.49 a share compared with a deficit of two cents a share in the preceding year.


United States Fidelity & Guaranty Company
TORONTO


### NOTICE

Notice is hereby given that Affiliated Underwriters has received Certificate of Registry No. C-428 from the Department of Insurance, Ottawa, authorizing it to transact the business of Automobile Insurance, excluding insurance against loss by reason of bodily injury to the person, in addition to the previous classes of insurance for which it is registered.

V. W. GERRISH,
Chief Agent for Canada.

June 29, 1937.


The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company — in volume; in strength; and in service to "select" property-owners and agents.
Home Office, Wawanesa, Man. Eastern Office: 341 Church St., Toronto. Branches in Vancouver, Edmonton, Winnipeg, Montreal, Moncton.

FIRE, WINDSTORM, AUTO, CASUALTY


### Trailer Form Approved By Auto Underwriters

The Ontario committee of underwriters on automobile insurance standard forms has approved a new trailer endorsement. The approved form differs from that submitted to the companies about two months ago for criticism in two respects. Only one form of coverage, a broad form which applies while the trailer is attached to the insured automobile or not attached to any automobile, has been adopted. And a clause stating that "this endorsement shall not increase in any manner the limits stated in the policy" has been inserted in respect to third party responsibility.

The new endorsement has been drafted primarily for private passenger cars. Insurers desiring to use some other form for commercial trailers have been invited to submit any comments or suggestions in order that the committee may consider the desirability of adopting a standard commercial trailer form.

### Orillia Underwriters Reorganize Life Group

Inactive for two years, the Life Underwriters Association at Orillia has been reorganized with the following officers: President, Kenneth Crone, London Life; vice-president, H. C. Slater, Prudential Life; secretary-treasurer, H. G. Davison, Confederation Life; executive committee, D. H. McNabb, Dominion Life, and A. C. Harris, Mutual Life of Canada.

### *Bank of Canada Weekly Statement*

Major changes in the Bank of Canada statement for the week ended July 7 include decreases of $6 millions in deposits of the chartered banks and of $4.9 millions in holdings of short-term Dominion Government securities.

**Balance Sheet**

| | July 7 1937 $ | June 30 1937 $ |
|---|---|---|
| **Liabilities** | | |
| Capital paid-up | 10,100,000 | 10,100,000 |
| Notes in circ. | 135,800,846 | 133,141,829 |
| Rest. Fund | 743,716 | 743,716 |
| Dep.: Dominion | 12,332,743 | 14,590,471 |
| Banks | 183,887,107 | 189,835,621 |
| Other | 666,292 | 500,606 |
| Total deposits | 196,886,142 | 204,926,698 |
| All other liabs. | 1,865,771 | 2,375,561 |
| Total liabs. | 345,396,475 | 351,287,504 |
| **Assets** | | |
| Reserve: Gold | 181,523,588 | 181,542,686 |
| Silver bullion | 2,475,612 | 2,475,812 |
| Res. in sterling and U. S. | 17,462,320 | 18,112,942 |
| Other curr. | 3,805 | 3,805 |
| Total reserve | 201,465,325 | 202,135,045 |
| Subsidiary coin | 202,101 | 196,306 |
| Investments: | | |
| Dom. govt. short | 31,086,637 | 35,943,305 |
| Other Dom. govt. | 97,844,687 | 98,268,738 |
| Other secs. | 10,012,205 | 10,017,816 |
| Total invest. | 138,943,530 | 144,229,859 |
| Premises | 574,910 | 566,268 |
| All other assets | 4,210,809 | 4,156,024 |
| Total assets | 345,396,475 | 351,287,504 |
| Reserve ratio | 60.55% | 59.79% |

### Bank Chat

***More Jobs for Juniors***

Opening of new branch banks, particularly in the mining areas, is resulting in a healthy trend toward increased employment of juniors in the service of Canadian banks. It is a long-standing policy of the banks to employ young men fresh from secondary schools and colleges, and train them by practical experience for promotion in the banks' service. During the last few years the demand for juniors has necessarily been restricted, but there are now strong indications that new channels are opening for young men anxious to adopt a banking career.

In this connection the current issue of "The Burroughs Clearing House" recalls a return made to the Banking and Commerce Committee of the House of Commons in 1934, which indicates that the age of juniors entering the banks' service is somewhat higher than was the case some years ago.

Average age of a junior was shown to be 20, with an age range between 18 and 23. Average ages of ledgerkeepers is shown at 23, tellers 25, accountants 33, managers 44 and women clerks and stenographers 28. But the age range of managers was all the way from 27 to 64, and that of women clerks from 17 to 50.

***Service Charges***

Perhaps fortunately from the viewpoint of the general public, Canadian bankers are still amateurs in the gentle art of exacting service charges. When they are assessed—and a considerable number of unprofitable accounts are still allowed to get by Scot free—it is almost always on the basis of five cents for each withdrawal.

Not so with the bankers across the line. There, it is quite customary on chequing accounts to charge a fee "coming and going," that is both on deposits and withdrawals. Banks vie with one another in devising new and less painful means of extraction. Latest is that of A. J. Morris founder of the system of banking bearing his name. Mr. Morris offers his customers a choice of service charge plans. Where accounts are for limited personal use, the depositor may purchase a book of 20 cheques for which he pays $1.50. On more active accounts, a graduated scale of charges applies. "Free items," which represent either a deposit or withdrawal, are allowed on the basis of the size and activity of the average balance. For instance, on a balance between $400 and $500, 20 free items are allowed, and this number dwindles to five on balances from $100 to $200. When activity exceeds the number of items allowed by the balance, a charge of five cents is made on each.

### Staff Changes

The Canadian Bank of Commerce has made the following changes in staff:

N. J. McKINNON to be an inspector at head office.

A. McKENZIE to be archivist at head office.

G. S. McKNIGHT, formerly assistant inspector at Halifax, to be manager at Campbellton, N.B.

C. J. LOUGHLIN, formerly manager at Campbellton, to be manager at Moncton, N.B.

W. E. LEARNED, formerly manager at Moncton, to be manager of the securities department at Montreal.

**Banking**

# *Money Value Halved In Last Eight Years*

#### Survey of 45 Countries Shows Average 53% of Par

In terms of gold, money is worth little more than half its 1929 value.

This statement does not refer specifically to the currency of any one country. It is the conclusion of a study recently completed by the Cleveland Trust Co. which includes 45 countries, comprising all important currencies except those of Germany and Russia.

If a person had bought with gold a little over $2.22 worth of the money of each of these countries in 1929, his purchases would have cost him $100 in all. The value in May of this year would have been only $53.18. This does not necessarily imply that each currency has depreciated by that amount. Individual currencies have depreciated at different rates. Present gold values range all the way from 85% to 10% of the 1929 par values. Most, however, are clustered closely around the average.

The trend of currency values since 1929 has been consistently downward. Nearly all the money in the world has been declining in value during the past eight years, and the shrinkage still continues. Recent developments in France are a case in point. Generally speaking, however, there have been three particularly sharp movements.

First, and perhaps most important, both as to the number of countries involved and the actual amount of depreciation, was in 1931. Although the gold value of the currencies of the 45 nations had been slipping before that time, it was at a very gradual rate. Following Great Britain's departure from gold in September of that year, however, the movement was given impetus, with a large bloc of the "sterling" countries following her lead.

Second major decline was in 1933, with the United States playing the leading rôle. With most countries off the gold standard, the decline in the next two years was much less abrupt.

The last of the gold strongholds, France, was finally compelled to leave gold, and was followed by her companions in the gold bloc, Switzerland and the Netherlands.

The Bulletin of the Cleveland Trust states that the movement suggests several challenging economic questions, among which two are of paramount importance. The first is whether or not the trend will continue downward. "No one knows the answer," it concludes, "but clearly there is danger that it may for nearly all the nations are engaged in seeking trade advantages through currency manipulations. Currency management for trade competition almost always takes form in revaluation downward, and almost never in revaluation upward."

The second important point deals with whether or not wholesale commodities, especially those important in international trade, are likely to regain about their old gold values. "If they should do so soon," the Bulletin states, "their prices as measured in the important currencies would have to be nearly doubled. If that process does develop in the next few years, most of the countries of the world will be participating in a general inflationary boom accompanied by much speculation, and attended by a progressive shrinkage in the real values of all fixed returns such as those from bonds, mortgages, insurance and savings accounts. In the past, gold values have been in the long run the controlling values."

Included in the study is a chronological list of nations which have left the gold standard since 1929. This list follows:

1929
Uruguay, Argentine, Brazil.

1930
Bolivia, Australia, New Zealand, Venezuela.

1931
Mexico, United Kingdom, India, Strait Settlement, Denmark, Norway, Sweden, Canada, Egypt, Austria, Salvador, Finland, Portugal, Japan.

1932
Costa Rica, Chili, Greece, Peru, Ecuador, Siam, Yugoslavia.

1933
Union of South Africa, Columbia, United States, Cuba, Guatemala, Philippine Islands, Nicaragua, Estonia.

1934
Czechoslovakia, Italy.

1935
Belgium, Luxemburg, Danzig, Roumania.

1936
France, Switzerland, Netherlands.

### Weekly Bank Clearings

| | July 8 1937 $ | Change Year Ago % | June 30 1937 $ |
|---|---|---|---|
| Halifax | 3,671,786 | +19.7 | 2,033,386 |
| Saint John | 2,363,605 | +26.1 | 1,477,058 |
| Sherbrooke | 836,613 | +15.0 | 669,603 |
| Quebec | 6,899,866 | +24.2 | 3,957,958 |
| Montreal | 161,747,213 | +49.7 | 90,737,275 |
| Ottawa | 29,747,461 | —8.9 | 13,300,890 |
| Kingston | 800,655 | +5.5 | 387,909 |
| Peterborough | 858,676 | —1.4 | 519,889 |
| Toronto | 149,169,989 | +7.3 | 90,209,241 |
| Kitchener | 1,361,611 | +8.3 | 822,537 |
| Brantford | 1,379,222 | —8.3 | 763,125 |
| Chatham | 692,476 | +17.4 | ...... |
| Windsor | 3,270,855 | +15.3 | 2,591,709 |
| Sarnia | 593,115 | +3.7 | 322,380 |
| Moncton | 1,128,398 | +47.6 | 553,543 |
| London | 3,749,084 | —3.7 | 1,913,578 |
| Hamilton | 9,022,733 | +54.9 | ...... |
| Sudbury | 1,125,270 | +16.5 | 846,162 |
| Fort William | 973,400 | +5.3 | 626,066 |
| Winnipeg | 47,388,652 | —109.0 | 31,231,897 |
| Prince Albert | 417,145 | +2.1 | 281,347 |
| Saskatoon | 1,690,106 | —0.4 | 1,000,727 |
| Brandon | 442,178 | —3.1 | 254,923 |
| Regina | 5,486,801 | +29.8 | ...... |
| Moose Jaw | 796,072 | +21.4 | 412,569 |
| Edmonton | 4,348,327 | —9.2 | ...... |
| Medicine Hat | 313,403 | —5.2 | ...... |
| Lethbridge | 516,506 | +6.3 | 345,747 |
| N. W'minster | 891,637 | +23.4 | ...... |
| Vancouver | 23,246,975 | +11.2 | 15,916,151 |
| Victoria | 2,275,623 | +8.6 | 1,410,136 |
| Calgary | 6,353,580 | —1.1 | 4,749,360 |

### Foreign Exchange

French francs showed firmness last week, with quotations moving upward in an orderly fashion. The discount on future francs, which reached a maximum just before devaluation was officially announced, has narrowed considerably, indicating some return of confidence in the government. Depreciation has not resulted in any appreciable return of capital to the country, however.

Whaley-Eaton Service holds that extension of the tripartite currency agreement of 1936 rests on very shallow foundations and views it as little more than an expedient of the moment. "So far as the British are concerned," it contends, "support of the franc is not due to economic considerations, but rather is a consequence of political conditions in Europe. In these circumstances, the Roosevelt Administration must be very careful how it moves, for the risk of subsequent political attack is obvious."

**FOREIGN EXCHANGE AT TORONTO AND MONTREAL**

| Par | July 5 | July 6 | July 7 | July 8 | July 9 | July 10 |
|---|---|---|---|---|---|---|
| U. S. dollar, High | 1.00⅛ | 1.00 1/16 | 1.00¼ | 1.00⅛ | 1.00 1/16 | 1.00 1/16 |
| Low | 1.00⅛ | 1.00 1/16 | 1.00 1/16 | 1.00 1/16 | 1.00 1/16 | 1.00 1/16 |
| 1936, High | 1.00 1/16 | 1.00⅛ | 1.00 1/16 | 1.00⅛ | 1.00 1/16 | 1.00 1/16 |
| Low | 1.00⅛ | 1.00 1/16 | 1.00 1/16 | 1.00 1/16 | 1.00 1/16 | 1.00⅛ |
| U. K. pound | 4.95½ | 4.96¾ | 4.96½ | 4.96¼ | 4.97⅛ | 4.97 |
| Australia | 3.93¾ | 3.95 | 3.97⅛ | 3.97 1/16 | 3.97⅛ | 3.96 |
| Austria | .1878 | .1878 | .1882½ | .1881 | .1881½ | .1882 |
| Belgium | .1685 | .1686 | .1686 | .1687¼ | .1687¼ | .1687½ |
| Brazil | .0660 | .0660 | .0665½ | .0665 | .0666 | .0666 |
| Czechoslovakia | .0350 | .0349¼ | .0349¾ | .0349½ | .0349½ | .0349½ |
| Denmark | .2210 | .2217 | .2219¼ | .2218½ | .2219 | .2219 |
| France | .0353 | .0367 | .0367½ | .0367½ | .0366 | .0366 |
| Germany | .4023 | .4016 | .4026½ | .4023 | .4023½ | .4025 |
| Greece | .0092 | .0090¾ | .0091¼ | .0091 | .0091 | .0091 |
| Holland | .5502 | .5507 | .5512 | .5506½ | .5509 | .5509½ |
| Hungary | .1973 | .1976 | .1990¾ | .1975 | .1979 | .1979 |
| India | .3736 | .3743 | .3759 | .3748 | .3751 | .3755 |
| Italy | .0526½ | .0527 | .0527¼ | .0527¼ | .0527¼ | .0527¼ |
| Japan | .2874 | .2879 | .2881 | .2885 | .2886 | .2886 |
| Jugoslavia | .0235 | .0233¼ | .0234 | .0234 | .0234 | .0234 |
| New Zealand | 3.99¼ | 4.01 | 4.00½ | 4.00½ | 4.01⅛ | 4.01¼ |
| Norway | .2487 | .2495 | .2497 | .2495 | .2497½ | .2498¼ |
| Poland | [illegible] | [illegible] | [illegible] | [illegible] | .1889 | [illegible] |
| South Africa | [illegible] | 4.93¾ | 4.95½ | 4.95½ | 4.97¼ | 4.96¾ |
| Sweden | .2551 | [illegible] | .2562 | .2560 | .2562½ | .2563 |
| Switzerland | .2285 | .2292 | .2295½ | .2292½ | .2293½ | .2294¼ |
| Hong Kong | .3034 | .3032 | .3039 | .3035 | .3036 | .3040½ |


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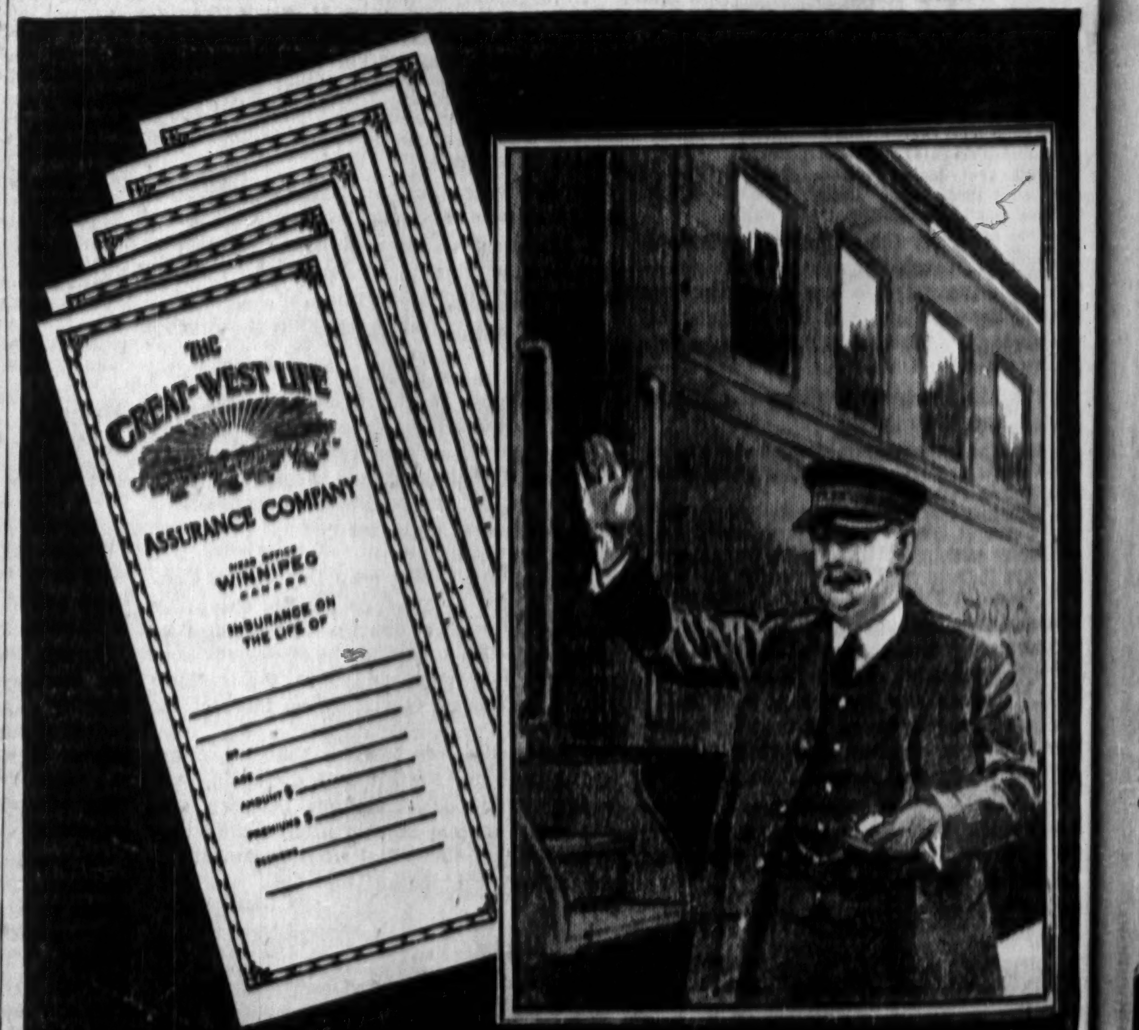


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## Manitoba Bonds

I hold Province of Manitoba bonds which were purchased at considerably higher prices than now prevail. A brief comment on the financial situation of the province would be appreciated.

A high yield is provided by your Province of Manitoba bonds, but the obscure debt situation in the western provinces may detract from their liquidity. Manitoba has best record of the three Prairie Provinces, but a reduction in interest payments on funded debt was only averted early in 1937 by the action of the Dominion Government in granting a temporary subsidy and appointing a royal commission to investigate the division of taxation powers and financial responsibility between the provinces and the Dominion. The Bank of Canada, in its report to the Dominion, stated that the province's revenues were not adequate to meet the demands of modern governmental practices and the additional burden of the depression. Although a detailed report for the year ended April 30, 1937, is not available it is expected that ordinary revenues, exclusive of relief, will be in approximate balance with expenditures. In the meantime the city of Winnipeg is faced with a financial crisis.

## Dominion Woollens

I am holding 6% first mortgage bonds of Dominion Woollens & Worsteds with stock which I am thinking of selling. I would have to accept a loss on the investment and would appreciate your comments.

Dominion Woollens is expected to show earnings, after depreciation, above bond interest requirements in the year which closed June 30. However, the company's working capital of approximately $750,000 is not sufficient to allow it to pay interest. The company's earnings record is unimpressive, and for the past seven or eight years earnings have not been sufficient to allow adequate provision for depreciation and bond interest. The company is to some extent dependent on the price of wool. It is able to show substantial earnings when wool prices are rising but may have losses if prices drop. The hope that the company may ultimately have good earnings leaves room for improvement in the preferred shares, but the company's history is not encouraging. At present there is a strike at the company's plants at Peterborough. At any rate there is no prospect of income for six months. You might do better in some type of well-tested equity security.

## Woods Mfg.

Can you let us know how Woods Manufacturing Co. is getting along and if there is any prospect of a dividend on the preferred stock this year?

It is understood that the volume of business handled by Woods Mfg. Co. this year is on a comparable basis with 1936. The company's inventory position is satisfactory and in view of the advance in prices, earnings may be on a better basis this year. There is no indication yet of a dividend on the preferred shares.

## Page-Hersey

I am thinking of adding to my investment in common shares of Page-Hersey Tubes and would appreciate any comments you care to make.

Page-Hersey Tubes showed earnings of $4.25 a share on the common stock last year compared with $3.68 a share in 1935. The annual dividend rate is now $4 a share as compared with $3 a year ago. The company has had a remarkably good record and over a period of 10 or 12 years, has paid off its bonds and eliminated its preferred shares. One point of interest is that it has obtained authority from shareholders to reduce the capital stock by purchasing as many as 34,000 shares for redemption. Just when this may be done is a question that cannot be answered at present. One effect, however, might be to reduce the company's working capital very materially. On the other hand, eventually the redemption, if and when made, would leave a greater portion of the company's earnings for the remaining shares.

## Loblaw Groceterias

How would you regard an investment in Loblaw Groceterias class A stock for appreciation as well as income?

Loblaw Groceterias class A stock is regarded as one of the more stable types of Canadian equity securities. The great days of the company's expansion appear to have been passed, but it has been carrying out an internal expansion by changing individual stores into larger market store units. The result is that earnings amounted to $1.33 a share for the year ended May 31, 1937, compared with $1.11 a share in the preceding year. The company's liquid position is good and it is well able to continue the regular dividend of $1 a share, along with occasional extras such as the 12½-cent disbursement recently made. On the basis of annual distributions of $1.12½ a share annually, the yield is about 4½% on the present price, which is not unattractive. If the extra rate were raised to 35 cents a share annually the yield would be about 5%. However, the possibilities of expansion appear to be limited.

## Sault Line 5½'s

What is the situation of "Soo line" 5½% bonds due 1978?

Minneapolis, St. Paul and Sault 5½% bonds, due, 1978, have the interest guaranteed by Canadian Pacific Railway Co. Income on the bonds, therefore, appears to be assured, even though the C.P.R. does not return to its former prosperity. Of course, the possibilities of capital appreciation in the bonds is limited by the difference between the current price of about 83 and the par value of 100. The "Soo line" has been showing substantial deficits, but the C.P.R. has made provision for interest under its guarantees.

## Standard Reliance Assets

I hold a number of preferred shares of Standard Reliance Assets Co. and would like to know if this stock is of any value.

We are informed that a report will soon be issued covering operations of Standard Reliance Assets Co. for the two years ended Dec. 31, 1936. Most of this company's assets consist of Toronto real estate in process of liquidation. Unfortunately there still appears to be little immediate prospect of a distribution to shareholders. Improvement has been noted in the past two years and some sales have been completed, enabling the company to improve its position. Main efforts have been directed toward payment of taxes and obtaining whatever revenues are possible from rentals of properties. We understand that at present the company has no vacancies in its dwelling properties.

## Scarboro Township

I am holding Scarboro Twp. bonds and am wondering if it is worth while holding in the hope of a refinancing plan. Your comments on this situation would be appreciated.

Refinancing of Scarboro Twp., Ontario, will not be completed for some time. The department of municipal affairs for Ontario is pushing its efforts to re-establish defaulted municipalities on a paying basis, but, in the case of Scarborough, some delay is likely. A tentative basis has been worked out by which interest would be paid at the rate of 60% of the original coupon value and the maturity dates of debentures extended for six years. Due to more rapid recovery in the township than originally expected, it is understood that there is a possibility that the interest rate finally decided on for the new debentures will be somewhat higher than this. It is not believed that any reduction in principal of debentures will be necessary, and representatives of bondholders will have a voice in the debt adjustment.

## Dom. Gas & Electric

I would appreciate your comments on the 6½% debentures of Dominion Gas & Electric Co. as an investment.

Dominion Gas and Electric Co. showed earnings of $603,000 in 1936, equivalent, after depreciation charges, to 2.27 times bond interest in 1936, compared with 1.47 times in 1935. The amount of 6½% debentures was reduced from $7 millions in 1933 to slightly less than $4 millions at the close of 1936. This was effected largely by new financing by subsidiaries. This issue is secured largely by junior securities of the operating subsidiary companies. It is a collateral trust bond rather than a first mortgage on operating utilities. This accounts to a considerable extent for the high yield available. One reason that the market for this type of second lien bond is as low as it is is that large investing organizations, like insurance companies, avoid these secondary debenture issues, preferring to concentrate their funds in first mortgage bonds of operating companies. However, the investment experience with the issue so far has been satisfactory.

## Intercolonial Coal

I hold 220 common shares of Intercolonial Coal Co. and would appreciate if you would give me a report on the company.

Intercolonial Coal Co.'s earnings in 1936 were equivalent to $33.40 a share on the 8% preference stock and to $5.10 a share on the common. This was a marked improvement over the previous year, when earnings on the preference amounted to $19 a share, and on the common to $2.22 a share. During the past three years, common dividends have amounted to $6 annually, but in the past two years, as you will see from the earnings figures given above, profits have not been sufficient to meet common dividend payments. As a result, the company has drawn on its reserves to some extent. It enjoys a strong working capital position, with current assets exceeding current liabilities at the end of 1936 by $659,878.

## Shawinigan

Can you please tell me why, with electricity consumption running at such a high rate, share earnings of Shawinigan are not as high as in 1928 and 1929?

In 1936 Shawinigan earned $1.03 a share on 2,178,250 shares. While share earnings were less than in 1928 and 1929, it should be realized that the company in the interval has made a substantial increase in its depreciation reserves. If depreciation for last year was on the same basis as in 1928 and 1929, share earnings in 1936 would have been considerably larger than reported.

## Stop and Shop

Can you give me any information in regard to the operations of Stop & Shop Ltd.? Have earnings improved since the merger with Thrift Stores? Will bond interest be earned?

The annual report of the company has not yet appeared and we are informed that it will be some weeks before it is ready.

The report of Thrift Stores showed the deficit for the eight periods following the merger to be smaller than in the five periods before merger.

Following the merger, Thrift acquired from Stop & Shop all its current assets, including inventories, and, in short, took over the business of Stop & Shop as an operator of meat and grocery stores. The assets of Stop & Shop acquired by Thrift Stores included no real estate, properties or equipment, these being leased from Stop & Shop. Thrift Stores assumes no liability in respect to the bonds of Stop & Shop but we understand that rentals from store properties and equipment are sufficient to meet interest charges on the Stop & Shop bonds.

## Bawlf Grain

What is the outlook for N. Bawlf Grain Co.? Do you think that there are prospects of the common stock appreciating in price in the near future?

The outlook for grain firms such as N. Bawlf Grain Co., has not improved in recent months. No information is available as regards the earnings of the company in the 1936-37 fiscal year, but it is expected that the annual report will again show results to have been unsatisfactory. In fact, earnings may even be smaller than in the 1935-36 year, because of the poor crop in western Canada. For the 1937-38 year, it appears that conditions will again be unsatisfactory since the present prospects are that the crop in western Canada will be very small. In view of the adverse earnings situation and heavy preferred dividend arrears, the outlook for the common is not encouraging.

## International Hydro

Can you tell me why International Hydro-Electric System 6% debentures are selling at a discount?

International Hydro-Electric 6% bonds offer a large return and possibilities of capital gain, but just how long the company will be able to maintain interest payments is a matter of opinion. At present, International Hydro-Electric is not receiving any income from its investment in New England Power Association or Canadian Hydro-Electric Corp. On the other hand, if Canadian Hydro-Electric Corp.'s plan of reorganization is completed, the position of International Hydro-Electric debentures would be considerably improved.

## Champion Mortgage

I am thinking of investing $4,500 in a savings certificate issued by Champion Mortgage Corp., part of which would be used to provide payments of $30 for 15 years and the balance left on deposit for the same period. Can you give me information regarding this company?

Champion Mortgage Corp. has been selling saving certificates for five years and at the end of 1936 showed assets on deposit with the Montreal Trust Co. equivalent to more than $150 for each $100 of cash surrender value of certificates. The auditor's report states that assets were sufficient to liquidate liability to certificate holders. The company sells installment certificates on which cash value accumulates more rapidly in later years than in the first years of the contract. The rate on which it allows interest on deposits has been reduced from 4½% to 4% but, based on the old rate, the table of possible payments submitted by the company indicates that each $1,000 of principal maturity would give 15 annual payments of $89.11. On $4,000 this would be equivalent to somewhat less than $30 a month. The additional $500, if left on deposit for 15 years and invested safely, should accumulate to approximately $1,000, as suggested.

## International Power

From a study of the balance sheet of International Power for 1936, by one inexperienced in such matters, it would seem that this company is going behind. As I am interested in the preferred stock, would appreciate your advising me if this is so or not.

An examination of International Power Co.'s financial statement for 1936 does not bear out your assumption that the company is going behind. Not only was there an increase in gross income, but earnings on the first preferred amount to $5.06 a share, as against $3.80 in 1935. During 1936 there was a net reduction in bank indebtedness of $398,752. Of more importance is the fact that the excess of current liabilities over current assets decreased from $510,824 at the end of 1935 to $76,137 at the end of 1936.

## General Steel Wares

We hold some of the preferred shares of General Steel Wares and would like to know if any plan has been devised for cleaning up the arrears of dividends.

General Steel Wares is understood to have under consideration a plan of capital reorganization, which will eliminate arrears of dividends on the preferred stock and pave the way for resumption of regular payments. The preferred is in good demand at present and it is possible by the year end something will be done toward resuming dividends.

## Colonial Investment

Can you tell me if there is any value in the preferred stock of Colonial Investment & Loan Co.?

Colonial Investment & Loan Co. went into voluntary liquidation in April, 1928 and the Imperial Trust Co. was appointed liquidator. The Imperial Trust Co. has been absorbed by the Premier Trust Co., Toronto. On the $320,000 of $10 par value preference stock of Colonial Investment and Loan Co. payments of $5 a share have been made in return of capital, the last payment having been made in 1931. It is possible that a further small payment will be forthcoming, but this cannot be expected for some time. The assets of Colonial Investment and Loan Co. consisted largely of western Canadian properties which are difficult to liquidate.

## Nova Scotia Steel

I hold a $1,000 bond of Nova Scotia Steel and would like to know when this company is going to resume interest.

We cannot give you satisfactory information on Nova Scotia Steel. This company has been in receivership for some time and the liquidator has not issued a report. Several enquiries have been made, but the information elicited has not been of much value. From outward indications it would seem that the company's business is somewhat better this year, but there does not appear to be any prospect of resumption of interest payments in the near future.

## Bruck Silk

I have some Bruck Silk stock bought at $13.50. It was formerly well reported on. What is behind the lowering of the dividend?

Decline in the market value of Bruck Silk Mills common stock is due to sharp contraction in earnings and the deferment of the dividend. Last June the company issued a statement to the effect that net results for the fiscal year at that time had been better than for the corresponding period of the previous year. In view of the necessity of maintaining an adequate supply of raw materials and in order to maintain a good working capital position, in spite of the more favorable results for the year to date, the directors considered it advisable to conserve the company's liquid resources and, therefore, deferred dividend action.

## Winnipeg Electric

Will you please let me have your opinion on Winnipeg Electric series A bonds? Are they regarded as a first class investment?

Under the plan of reorganization for Winnipeg Electric affairs of the company were placed on a sounder basis and interim reports indicate that revenue is sufficient to cover interest charges on the series A bonds. However, the fact that they are still selling at a substantial discount indicates that there is still a speculative element involved and this should be kept in mind when considering the series A bonds.

## Aluminium Ltd. Reduces Arrears on Preferred

From Our Own Correspondent

MONTREAL. — Aluminium Ltd. has declared a dividend of $4 a share on the preferred stock to apply on arrears, in addition to making the regular quarterly declaration of $1.50 a share.

Both dividends are payable Dec. 1 to shareholders of record Aug. 14.

After the $4 payment, the balance of preferred arrears outstanding will be $20 a share.

# B.A. Oil, Sudbury or Golds

I am thinking of selling city of Sudbury bonds and British American Oil Co. stock and purchasing Lake Shore, Dome, Hollinger or Wright-Hargreaves shares with the object of increasing my income. I would appreciate your comments on this exchange.

The gold mining shares which you mention, of course, will pay you a higher yield than the Sudbury bonds or British American Oil stock. It must be remembered, however, that mining investments represent ownership of assets which are constantly being depleted and you should consider part of the large gold mining dividends as a return of capital.

Sudbury has been in default of bond principal but has continued to pay interest. A refinancing plan has recently been completed under which the default will be remedied and new debentures issued. Present interest rates will be continued until maturity of debentures now outstanding and after that a 4½% rate will be continued. British American Oil Co. is earning its current dividend by a comfortable margin and, if present earnings rate is maintained, there is a possibility of occasional extra payments.

Presumably your yield is somewhere around 5% to 6% on these two investments.

By purchasing shares of mines such as Dome, Hollinger or Lake Shore, you can obtain a 10% yield. However, the 10% might be regarded as 6% income and 4% return of principal, which would mean a need of continuation of present dividend rates for 25 years, before you would have your principal returned intact. The large mining companies lack the speculative feature to the extent that they have many years of life ahead of them, but they have a speculative phase connected with the price of gold. This, however, appears likely to remain stable around $35 an ounce for the present. These mines might be likened to gold factories with a hope of stability of price and income, offset to some extent by the possibility that their costs of operation may rise gradually over a period of years.

You might consider a sort of compromise in your scheme. That is, you might sell one of the securities you mention and only put part of your present investment into gold mining shares, provided, of course, that you are satisfied that the risks are not unreasonable in the latter.

The question is one that cannot be answered dogmatically and the answer must, to a large extent, be determined on the basis of your personal circumstances and income requirements.

## Agnew-Surpass Raises Dividend

### Earnings For Year Equal to $1 a Share — 30c Bonus Declared

Information from company officials indicates that when the Agnew-Surpass Shoe Stores, Ltd., reports for the year ended May 31, 1937, it will show earnings available for the common stock of around $1 a share.

Earlier reports had indicated that net profits would be about the same as in the previous year when 63 cents a share was earned. It is understood, however, that substantial improvement took place in the closing months of the year in factory operations and this accounted for the increased earnings.

Directors of Agnew-Surpass have declared an extra dividend of 30 cents a share, in addition to the regular half-yearly payment of 30 cents, both payable Sept. 1 to shareholders of record Aug. 16, 1937. The company had previously paid dividends at the regular rate of 40 cents a share annually and the current declaration establishes the regular half-yearly rate of 30 cents a share, or 60 cents per year.

Including the bonus, total dividends to be paid out of the earnings for the year ended May 31, 1937, will be 80 cents a share, compared with 60 cents a share for the preceding year.

## Asbestos Corp. Replaces Voting Trust Shares

From Our Own Correspondent

MONTREAL.—Asbestos Corp. has notified the Montreal Curb Market that the voting trust period stipulated in the supplementary letters patent, dated Aug. 17, 1932, has terminated, the voting trustees having certified that all of the general mortgage 6% income bonds of the company have been retired.

As a result of this transaction, the voting trust certificates have been taken from the list and replaced with 132,712 shares of no par value common stock of the company.

## B.A. Oil Calls 4 Per Cent Bonds

### Funded Debt Will Be Cut to $7 Millions This Year

British American Oil Co. has called $207,000 of its 10-year 4% debentures for redemption at 102 on Sept. 7, 1937. The bonds have been drawn by lot and are payable at any branch of the Bank of Nova Scotia in Canada.

The call of bonds for redemption represents part of the annual sinking fund of $222,222 on the 4% issue which will reduce the outstanding amount to some $3,550,000. The original issue totalled $4 millions in 1935.

On June 1 the company paid off $500,000 of its 2½% serial bonds, reducing the amount of the serial issue to $3.5 millions. The total outstanding funded debt will, therefore, be reduced by September to approximately $7 millions, compared with a peak of $8.1 millions in 1935.

The company's earnings of $1.41 a share in 1936 were sufficient to leave a surplus of $1.1 million after dividends of $1 a share. The company has therefore been able to make all debenture payments and redemptions, as well as dividends and to increase working capital.

## Argyle Motor Services Prior Lien Extended

The 7% prior lien mortgage of Argyle Motor Services, Ltd., Halifax, due Dec. 1, 1936, has been renewed for a further five-year term. Interest has been reduced to 5% per annum.

The present amount of the mortgage is $32,500 and annual payments of $3,000 are to be made in reduction of principal of the mortgage.

Argyle Motor Services has $120,000 of first mortgage 6% bonds outstanding and $90,000 of 7% second mortgage bonds. Interest on the first mortgage bonds is in arrears from and including May 1, 1932.


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INVESTORS who do not fully understand the type of service which we render sometimes ask us to draw up a list of recommended investments for them . . . Our answer in every case is the same: "Sorry, we can't do that".

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*We will be glad to send you a copy of our booklet: "The Management of Your Investments".*

HODGSON, ROBERTON & COMPANY
*Investment Counsel*
437 ST. JAMES ST., WEST, MONTREAL



**Illicit Liquor Said Scourge In "Dry" Area**

**Bootleggers Started as Soon as Hotels Closed, Fenelon Falls Rector Declares**

Lindsay, April 1 (Special)—Trade in illicit spirits in Fenelon Falls, Bobcaygeon and neighboring districts was the background of two cases in police court here yesterday.

In the first case, Fred Gubbins of Fenelon Falls was charged with assaulting his wife. Crown Attorney Anderson stated that Mrs. Gubbins was so badly beaten by her husband that she could not show herself in public. The accused told the court that he had obtained bootleg gin in the village, and afterwards did not know what he was doing. He was given two years' suspended sentence by Magistrate Gee on condition that he abstain from drinking.

Archibald Johnston of Verulam Township was charged by Corporal T. J. Woods, R.C.M.P., with allowing a still to be operated on his premises. Last week Bruce Freeborn was sentenced to 18 months in the Reformatory for operating the still. The charge against Johnston was dismissed when defense counsel claimed that the farm was owned by an estate and that Johnston was not alone responsible for the actions of the tenant.

After the court session, Rev. L. F. Geary, rector of St. James' Anglican Church, Fenelon Falls, told The Telegram that he was certain there were many bootleggers operating in Fenelon Falls. "We voted out the beverage rooms there, but sometimes I think it would have been better if we had left them alone. At least there was a measure of control. But as soon as the hotels were closed the bootleggers started to operate, and there is absolutely no control. The police

*. . . and all this need never have happened*

HERE and now in Ontario people are learning all over again that you cannot make people "good" by law . . .

Sincere but mistaken reformists play into the hands of the vilest elements . . . they create unnecessary crimes and new criminals, by depriving decent citizens of the chance to obtain legally the wholesome relaxation of a glass of beer.

May we remind them of what were the conditions thirteen years ago just before the repeal of the Ontario Temperance Act. We quote from a newspaper article published in October 1924:

"The law has not stopped drunkenness in Ontario. It has not stopped bootlegging. It has not stopped young people from carrying the "hip flask". It has not stopped hi-jacking. It has not stopped the bootlegger from collecting all the profit. It has not lowered the taxes of the Province. . . . It has not prevented the debauchery of young girls in dance halls and automobiles from drinking bootleg whiskey. . . . In not one particular has Prohibition in Ontario performed what its advocates hoped for, promised for it, and doubtless believed it would accomplish".

Let us not make these things true again!

*This advertisement is inserted by the Brewing Industry in the interest of a better public understanding of certain aspects of the problems of temperance and local option.*

*Clipping from Toronto Telegram, April 1, 1937*

# STOCK AND BOND MARKET QUOTATIONS

## Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 12

| Range 1937 High | Low | Div R'te $ | July 10 Y'ld % | | Sales | Last July 5 | Week end. July 12 H | L | Cl'se |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **A** | | | | | |
| 15½ | 5⅞ | . | ... | Abitibi | 22820 | 6 | 8⅛ | 6 | 7⅛ |
| 80 | 41½ | . | ... | Do. pref. 6% | 4481 | 58½ | 64 | 59 | 61⅞ |
| 97 | 60 | . | ... | Do. pref. 7% | .... | (— bid 80 asked) | | | |
| 79½ | 41 | . | ... | Do. cert. dep. | 985 | 57½ | 62⅞ | 60 | 61½ |
| 6⅞ | 4 | 10c | ... | Acadia Sugar | .... | (— bid 5½ asked) | | | |
| 18½ | 9½ | 50c | 5.1 | Acme Glove | 25 | 9½ | 9½ | 9½ | 9½ |
| 94 | 75 | 6.50 | 8.7 | Do. pref. | .... | (75 bid — asked) | | | |
| 12 | 8½ | 60+30c | .. | Agnew Surp. | 370 | 10 | 12 | 10 | 11⅞ |
| 110 | 105 | 7 | 6.6 | Do. pref. | 25 | 105½ | 106 | 106 | 106 |
| 7 | 4 | . | ... | Alta. Pac. Gr. | 105 | 4½ | 4½ | 4 | 4 |
| 43½ | 18 | . | ... | Do. pref. | 270 | 20 | 21 | 18 | 18 |
| 135 | 114 | . | ... | Aluminum | 350 | 115 | 116 | 116 | 116 |
| 130 | 130 | 6+3.75▲ | . | Do. pref. | .... | (130 Mar. 19) | | | |
| 7 | 4 | . | ... | Amal. Electric | 25 | 5 | 4 | 4 | 4 |
| 31 | 26 | . | ... | Do. pref. | 25 | 26 | 29 | 29 | 29 |
| 35⅞ | 29⅞ | 15c | ... | Amer. Cyn. B. | .... | (— bid 40 asked) | | | |
| 122½ | 78 | . | ... | Asbestos | 2178 | 79½ | 92 | 84 | 90 |
| 16 | 11 | 80c | 5.7 | Assoc. Brew. | 612 | 14½ | 14½ | 13½ | 14 |
| 110½ | 106 | 7 | 6.4 | Do. pref. | .... | (109⅞ bid — asked) | | | |
| 60 | 60 | 7 | 11.7 | East. Theat. pf. | .... | (56½ bid 84 asked) | | | |
| 9½ | 4½ | | ... | Easy Washing | 2413 | 5 | 6⅞ | 5 | 6½ |
| 39 | 34 | 1.37½ | ... | Economic Inv. | .... | (35½ bid 39 asked) | | | |
| 24 | 17½ | 1.60+10c. | | Electrolux | 430 | 17⅞ | 17⅞ | 17½ | 17⅞ |
| 8½ | 4½ | . | ... | Enam. & Heat. | 865 | 5 | 5 | 5 | 5 |
| 38½ | 30 | . | ... | English Electric | 655 | 35 | 38½ | 35 | 37 |
| 16⅞ | 10 | . | ... | Do. (B) | 148 | 12 | 13½ | 11 | 13 |
| 7 | 5 | . | ... | Equitable Life | 11 | 5 | 5⅞ | 5½ | 5⅞ |
| 10½ | 9½ | 30c | ... | European El. A. | .... | (— bid 9 asked) | | | |
| .65 | .65 | . | ... | Do. Warrants | .... | (.15 bid — asked) | | | |
| | | | | **F** | | | | | |
| 13 | 8 | . | ... | Fairchild Air | 6590 | 8½ | 10⅞ | 8½ | 10 |
| 35 | 24 | . | ... | Fam. Players | .... | (21 bid 26 asked) | | | |
| 34 | 25 | . | ... | Do. Vot. Tr. | .... | (22 bid — asked) | | | |
| 24½ | 19 | 25c | ... | Fanny Farmer | 1720 | 20⅞ | 22½ | 20½ | 22½ |
| 10½ | 10 | . | ... | Fleet Aircraft | 15 | 10 | 10½ | 10½ | 10½ |
| 29⅞ | 21½ | 1 | 4.3 | Ford Motors A. | 1449 | 22 | 23½ | 22 | 23½ |
| 2½ | 1 | . | ... | For. Pr. Secs. | 40 | 1½ | 1½ | 1 | 1½ |
| 31 | 23 | . | ... | Foundation Co. | 345 | 23½ | 25 | 23½ | 24 |
| 50 | 29 | . | ... | Fraser Cos. | 1006 | 42 | 46½ | 44 | 46½ |
| 50 | 29½ | . | ... | Do. Vot. Tr. | 4964 | 44 | 46⅞ | 44 | 46½ |
| 52 | 44 | . | ... | Freiman, pf. | .... | (45 June 29) | | | |
| 11 | 6 | . | ... | Frost Steel | 230 | 6½ | 6½ | 6 | 6½ |
| 107 | 100½ | 7 | 6.8 | Do. pref. | 25 | 102½ | 102½ | 102½ | 102½ |
| 48 | 40 | . | ... | Do. pref. A. | .... | (45½ bid — asked) | | | |
| 35 | 20 | 1+25c | 3.9 | Wabasso Cot. | .... | (30 bid 32 asked) | | | |
| 49½ | 42 | 2 | 4.2 | Walker-Good. | 1919 | 46 | 48 | 46⅞ | 47½ |
| 20 | 18½ | 1 | 5.1 | Do. pref. | 1434 | 19½ | 19⅞ | 19½ | 19½ |
| 3½ | 1½ | . | ... | Walkerville Br. | 745 | 2 | 2 | 1⅞ | 2 |
| 5 | 2 | . | ... | Waterloo Mfg. | 110 | 2½ | 2½ | 2½ | 2½ |
| 12 | 5 | . | ... | West. C. Flour | .... | (6 bid 6½ asked) | | | |
| 90 | 52 | . | ... | Do. pref. | 15 | 56 | 55 | 52 | 55 |
| 71 | 65 | 3 | 4.3 | West. Grocers | .... | (69½ bid — asked) | | | |
| 125 | 115½ | 7 | 5.8 | Do. pref. | .... | (117 bid — asked) | | | |
| 18½ | 14 | 80+10c | .. | Weston Ltd. | 1068 | 14½ | 14½ | 14 | 14½ |
| 106½ | 99 | 5 | 5 | Do. pref. | .... | 100½ bid 102 asked | | | |
| 8 | 4 | . | ... | Windsor Hotel | 40 | 4 | 5 | 5 | 5 |
| 23 | 10 | . | ... | Do. pref. | 5 | 11 | 10 | 10 | 10 |
| 10½ | 3 | . | ... | Winnipeg El. A. | 965 | 4 | 4⅞ | 4 | 4⅞ |
| 10 | 3 | . | ... | Do. (B) | 450 | 4 | 4⅞ | 4 | 4½ |
| 44 | 23 | . | ... | Do. pref. | 93 | 23 | 25 | 25 | 25 |
| 75 | 53 | . | ... | Wood, A. & J. p | .... | (62 bid 75 asked) | | | |
| 85 | 70 | . | ... | Woods Mfg. pf. | 10 | 70 | 70 | 70 | 70 |
| | | | | **Z** | | | | | |
| 7½ | 3⅞ | . | ... | Zimmerknit, c. | 95 | 6½ | 6½ | 6½ | 6½ |
| 102 | 92 | *10.50 | .. | Do. pref. | 11 | 95 | 102 | 102 | 102 |

† 1936.
▲ On account of arrears. b New York quotations.
‡ Plus extra of $3 paid Feb. 1, 1937.
● Plus stock bonus of 1% paid Jan. 2, and 1% Mar. 26, 1937.
* Includes $3.50 on arrears, due Aug. 1, 1936.

## Mining Stock Quotations

WEEK ENDING JULY 12, 1937

OIL STOCKS

VANCOUVER STOCK EXCHANGE

OIL STOCKS

## Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 13, 1937

| Public Utility Issues: | Int. Rate % | Due | Bid July 13 | Asked July 13 | Bid July 5 |
|---|---|---|---|---|---|
| †Assoc. Tel. & T. | 5½ | '55 | 83½ | 85½ | 80½ |
| ▲Avalon Tel. | 5½ | '48 | 101½ | ... | 101½ |
| Beauharnois P. | 5½ | '73 | 63 | 66 | 60 |
| ‡Bell Telephone. | 5 | '55 | 112½ | 115 | 112½ |
| ‡Do. | 5 | '57 | 118½ | 121½ | 118½ |
| B. C. Power | 4½ | '60 | 99 | 102 | 99 |
| B. C. Tele. | 4½ | '61 | 104½ | ... | 104½ |
| ‡Calgary Power. | 5 | '60 | 96 | 99 | 96 |
| ‡Do. | 5 | '64 | 93 | 96 | 94½ |
| †Can. Nor. Pwr. | 5 | '53 | 102½ | 105½ | 102½ |
| ‡Dom. Gas & El. | 6½ | '45 | 92½ | 95½ | 92 |
| ‡Gatineau Pwr. | 5 | '56 | 102½ | 105½ | 101 |
| ‡Do., A | 6 | '41 | 101 | 104 | 101 |
| ‡Do., B | 6 | '41 | 101 | 104 | 101 |
| Gt. Lakes Pwr. | 4½ | '56 | 93 | 96 | 93½ |
| ‡Inter. Hydro-El. | 6 | '44 | 76 | 79 | 75½ |
| ‡Inter. Power | 6 | '57 | 97 | 100 | 97 |
| ‡Do. | 6½ | '57 | 99½ | 102½ | 99 |
| ▲Do. | 6 | '58 | 101 | 104 | 101 |
| †Maclaren-Que. Power | 5½ | '61 | 100 | 103 | 99½ |
| †Do. | 5½ | '64 | 100 | 103 | 99½ |
| †Mtl. Island Pr. | 5½ | '57 | 104 | 107 | 103½ |
| †Mtl. L., H. & P. | 3½ | '56 | 99 | 102 | 99 |
| †Mtl. Tramways. | 5 | '41 | 99 | 102 | 99 |
| †Do. | 5 | '55 | 75 | 78 | 74½ |
| Nfld. L. & P. | 4½ | '56 | 99 | 102 | 99 |
| Nat'l. L. & P. | 6 | '49 | 94 | 97 | 94 |
| N. S. L. & Pr. | 4 | '57 | 97½ | 100½ | 97½ |
| †Ot'wa L.H.&P. | 5 | '57 | 105 | 108 | 105 |
| †Ottawa V. Pwr. | 5½ | '70 | 104 | 107 | 104 |
| †Power Corp. | 4½ | '59 | 97½ | 100½ | 97½ |
| ‡Quebec Pwr. | 5 | '68 | 103½ | 106½ | 103 |
| Saguenay P., B. | 4½ | '66 | 102 | 105 | 102 |
| *Do., A | 4½ | '66 | 100½ | 103½ | 100 |
| †Shaw. W. & Pr. | 4 | '61 | 99 | 102 | 98½ |
| †Do. | 4½ | '70 | 104 | 107 | 103½ |
| †United Secs. | 5½ | '52 | 73½ | 76½ | 73 |
| †West. Pwr. Co. | 5 | '49 | 104 | 107 | 104 |
| ‡Wpg. Elec., A | 4 | '65 | 75 | 78 | 71 |
| ‡Do., B | 4 | '65 | 63 | 66 | 58 |
| **Industrial and Realty Issues:** | | | | | |
| †Abitibi P. & P. | 5 | '53 | 99½ | 102½ | 95½ |
| Acadia Sugar | 4½ | '55 | 99½ | 102½ | 99½ |
| B. A. Oil | 4 | '45 | 102 | 105 | 102 |
| Canada Bread | 6½ | '41 | 107½ | 110½ | 107½ |
| †Canada Cement | 4½ | '51 | 104 | 107 | 104 |
| †Canada Paper | 4½ | '52 | 97 | 100 | 97 |
| Can. Steamship | 6 | '41 | 62 | 65 | 61 |
| Can. Canners | 4 | '51 | 99½ | 102½ | 99½ |
| Can. Bakeries | 6½ | '45 | 100½ | ... | 100½ |
| ‡Can. Inter. Pap. | 6 | '49 | 101½ | 104½ | 101 |
| C. P. R. | 3½ | '51 | 97 | 100 | 99 |
| Do. | 4 | '49 | 100½ | 103½ | 102 |
| Do. | 4½ | '44 | 101½ | 104½ | 102 |
| Do. | 4 Perp. | | 94 | 97 | 94 |
| †Can. Vickers | 6 | '47 | 97 | 100 | 99 |
| †Consol. Paper | 5½ | '61 | 90 | 93 | 88 |
| ‡Dominion Coal. | 6 | '55 | 100½ | ... | 100½ |
| ▲Do. | 5 | '40 | 104½ | ... | ... |
| ▲Dom. Stl. & C. | 6½ | '55 | 110½ | 113½ | 111 |
| Dom. Tar | 4½ | '51 | 100 | 103 | 100 |
| Dom. Textile | 4½ | '55 | 105½ | 108½ | 105½ |
| †Donnacona P. | 4½ | '56 | 84 | 87 | 83 |
| †Famous Players | 4½ | '51 | 97 | 100 | 97 |
| †Fraser Cos. | 6 | '50 | 101½ | 104½ | 103 |
| †Gen. Stl. W. | 4½ | '52 | 95½ | 98½ | 95½ |
| Great Lakes P. | 5 | '55 | 95½ | 98½ | 95 |
| †Gypsum, Lime. | 5½ | '48 | 101 | 104 | 101 |
| †Gr. Br. & Can. Invest. | 4½ | '59 | 86 | 89 | 86 |
| Hamilton Cot. | 5½ | '48 | 103 | ... | 103 |
| Ham. By-Prod. Coke | 5 | '50 | 98½ | 101½ | 98 |
| Do. | 6 | '56 | 97½ | 100½ | 98 |
| †Inter. Paper | 6 | '55 | 96½ | 99½ | 96 |
| †Inter. P. & P. Nfld. | 5 | '68 | 102 | 105 | 102 |
| Inter City Bak. | 5½ | '48 | 103 | 106 | 103 |
| †Kingston Elev. | 6 | '50 | 99 | 102 | 99 |
| Lake St. John P. & P. | 5½ | '61 | 101 | 104 | 100 |
| Do. | 5 | '61 | 82 | 85 | 81½ |
| †Lond. Can. Inv. | 4½ | '48 | 94 | 97 | 94 |
| †Massey-Harris | 5 | '47 | 96½ | 99½ | 97 |
| †McColl-Front. | 6 | '49 | 102½ | 105½ | 102½ |
| †Mersey Paper | 6 | '49 | 98½ | 101½ | 98½ |
| ‡M. & O. Paper. | 6 | '45 | 69 | 72 | 65 |
| Mtl. Dry Docks | 6 | '48 | 91 | 95 | 91 |
| Nat'l. Grocers | 4 | '47 | 100 | 103 | 99½ |
| †N. A. Elevators | 6 | '50 | 95 | 98 | 95 |
| Nor. Ont. Bldg. | 6½ | 39 | 97 | 100 | 97½ |
| †Price Bros. | 5 | '57 | 99½ | 102½ | 99½ |
| ‡Prov. Paper | 5½ | '47 | 102½ | 105½ | 102½ |
| Queen's Hotel | 6 | '47 | 99 | 102 | 99 |
| †Restigouche Co. | 6 | '48 | 112 | 115 | 113½ |
| Rich. Bay Bldg. | 6½ | '47 | 97 | 100 | 97½ |
| †Rolland Paper | 5½ | '51 | 102½ | 105½ | 102½ |
| Ruddy & Co. | 6½ | '48 | 98 | 101 | 98 |
| †Simpsons Ltd. | 4½ | 51 | 96½ | 99½ | 95½ |
| †Smith, Howard | 4½ | '51 | 103½ | 106½ | 103½ |
| †Steel of Canada | 6 | '40 | 110 | 113 | 110 |
| Sterling Coal | 6 | '40 | 94 | ... | 94 |
| *Twin City | 5½ | '52 | 78½ | 81½ | 77 |
| United Amuse. | 5 | '56 | 98½ | 101½ | 98½ |
| United Corp. | 5 | '53 | 98 | 101 | 98 |
| Union Gas | 4½ | '50 | 99 | 102 | 99 |
| ▲Wabasso Cot. | 4½ | '51 | 97 | 100 | 97 |
| Windsor Hotel. | 6½ | '43 | 81½ | ... | 81 |
| Do. | 6 | '47 | 42 | ... | 42 |

‡Payable in Can. or U. S. †Payable in Can., U. S. or U. K. ▲Payable in Can. or U. K. *Payable in U. S. only.

## Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

July 13, 1937

| Industrial Stocks: | Bid | Asked |
|---|---|---|
| Acadia Sugar, pfd. | 4.50 | 5.00 |
| Acme Farmers Dairy, pfd. | 46.50 | 52.00 |
| Algoma Steel, com. | 15.25 | 16.00 |
| Do., pfd. | 77.50 | 79.50 |
| Andian Nat. | 49.00 | 49.75 |
| Assoc. Tel. & Tel., pfd. | 40.00 | 43.00 |
| B. C. Pulp & Paper, pfd. | 88.00 | 92.00 |
| Do., com. | 24.25 | 25.50 |
| Brandram-Henderson, com. | 5.75 | .... |
| Do., pfd. | 17.25 | .... |
| Burns & Co., A | 10.00 | 12.00 |
| Do., B | 5.10 | 6.00 |
| Can. Tube & Steel, 1st pfd. | 75.50 | 77.50 |
| Do., com. | 7.50 | 9.50 |
| Can. Wire & Cable, pfd. | 113.50 | 115.00 |
| Can. Airways | 5.75 | 6.50 |
| Can. Industries, A com. | 236.00 | .... |
| Can. Ingersoll Rand | 129.50 | 131.50 |
| Can. Western Lumber, com. | 1.15 | 1.30 |
| Chase, A. W., pfd. bonus | 26.75 | 28.50 |
| Claude Neon Gen. Adv., pf. | 13.75 | 14.50 |
| Conduits Nat., com. | 5.00 | 5.75 |
| Crescent Creamery, pfd. | 34.50 | 36.00 |
| Dominion Woollens, com. | 1.00 | 1.20 |
| Do., pfd. | 4.00 | 4.50 |
| Dunlop Tire, pfd. | 84.00 | 88.50 |
| Federal Grain, com. | 2.75 | 3.50 |
| Do., pfd. | .... | 42.00 |
| Goderich Elevator | 5.00 | 5.75 |
| Greening Wire, pfd. | 107.00 | .... |
| Guelph Carpet, pfd. | 106.50 | 107.00 |
| Do., com. | 23.50 | .... |
| Hayes Steel Prod., com. | 12.00 | 12.75 |
| Do., pfd. | 8.00 | 9.00 |
| Highland Dairy, com. | 2.50 | .... |
| Inter City Baking, com. | 31.00 | 34.00 |
| Lake Sulphite Pulp, com. | 24.50 | 25.50 |
| Loblaw's Inc. (U.S.) Units | 76.50 | .... |
| McCormick's, com. | 5.00 | 5.90 |
| Do., pfd. | 14.00 | .... |
| Morrison Brass, pfd. bonus | 11.00 | 13.00 |
| Mount Royal Hotel, pfd. | 4.00 | 4.75 |
| New Mth. Laund., pfd. bon. | 92.50 | 95.00 |
| Perfection Pete., pfd. | 21.00 | 22.50 |
| Provincial Paper, pfd. | 106.50 | 107.50 |
| Reliance Grain, pfd. | 93.50 | 96.00 |
| Rob. Cons Cone | 10.25 | 11.00 |
| Ruddy, E. L., pfd. | 30.00 | 34.00 |
| Seal O Sac (Can.) | 14.50 | 15.50 |
| Silverwoods Dairies, com. | 1.75 | .... |
| Do., pfd. | 4.55 | .... |
| Standard Fuel, com. | 6.00 | 7.00 |
| Do., pfd. | 99.00 | 100.00 |
| Super. Petroleum, B pfd. | 26.50 | 28.00 |
| Toronto Carpet, com. | 54.00 | .... |
| Do., pfd. | 60.00 | .... |
| United Steel, A pfd. | 20.00 | 20.75 |
| West. Grain, pfd. bonus | 8.00 | 10.00 |
| Weston (Geo.) Foods (Eng.) | 2.75 | 3.25 |
| Wings Limited | 1.00 | 1.15 |
| **Trusts & Loan Stocks:** | | |
| Chartered Trust | 99.00 | 102.00 |
| Commercial Finance, com. | 2.70 | 2.90 |
| Guelph Ont. Inv., par $50 | 49.75 | 52.50 |
| London & Western Trust | 53.00 | 55.00 |
| Prudential Trust | 5.00 | 6.00 |
| Sterling Trust | 41.00 | .... |
| Traders Fin., A com. | .... | 21.50 |
| Do., B pfd. bonus | 95.00 | 98.00 |
| Trusts & Guarantee | 29.50 | 30.50 |
| **Insurance Stocks:** | | |
| Canada Life | 540.00 | .... |
| Canadian Ins. Shares | 16.00 | .... |
| Confederation Life, 20% pd. | 115.00 | 118.00 |
| Dominion Fire | 134.00 | .... |
| Dom. of Can. Gen. | 135.00 | 140.00 |
| Empire Life, 25% pd. | 12.50 | 13.00 |
| Federal Fire, 25% pd. | 37.50 | 42.00 |
| Great West Life | 330.00 | 340.00 |
| Guar. Co. of N. A., fully pd. | 300.00 | 320.00 |
| Do., 20% pd. | 57.00 | .... |
| Imperial Life | 350.00 | 365.00 |
| Manufacturers Life | 270.00 | 280.00 |
| Monarch Life, 10% pd. | 25.00 | 27.00 |
| Sovereign Life, 25% pd. | 16.00 | 17.50 |
| Sun Life | 625.00 | 675.00 |
| Western Assurance, com. | 50.00 | 55.00 |
| Do., pfd. | 40.00 | 42.50 |
| **Theatre Stocks:** | | |
| Allens Kingston, pfd. | 67.50 | .... |
| Do., Parkdale, pfd. | 63.50 | .... |
| Do., St. Catharines, pfd. | 61.50 | .... |
| Do., Tor., pfd. bonus com. | 30.00 | 33.00 |
| Loew's London, pfd. | 2.00 | 2.70 |
| Do., Toronto, pfd. | 118.00 | .... |
| Mansfield Theatre, pfd. | 29.50 | 32.50 |
| Paramount Kitchener, pfd. | 55.00 | 65.00 |
| Do., Oshawa, pfd. | 90.00 | 95.00 |
| United Amusement, A | 22.50 | 25.00 |
| Do., B | 23.00 | 25.00 |
| **Investment Trust Shares:** | | |
| Can. Gen. Invest. | 9.90 | 10.10 |
| Can. Investment Fund | 4.60 | 4.95 |
| Can. Investors | 8.75 | 9.25 |
| Cons. Div. Std. Sec. Units | 22.75 | 23.50 |
| Invest. Found., pfd. bonus | 57.00 | 60.00 |
| Lon. Can. Invest., com. | 4.35 | 5.00 |
| Sec's. Hold. Corp., pfd. bon. | 20.00 | 22.50 |
| United Corpns., A | 22.50 | 23.50 |
| Do., B | 21.00 | 23.00 |
| **Power Issues:** | | |
| Can. West. Nat. Gas, pfd. | 90.50 | 91.50 |
| Do., com. | 26.00 | .... |
| Foreign Power Sec's., pfd. | 8.75 | 10.50 |
| Great Lakes Power, pfd. | 98.50 | 100.00 |
| Inter. Util., $1.75 pfd. | 15.50 | 18.50 |
| Montreal Island Pwr., pfd. | 15.50 | 16.50 |
| New Brunswick Tele., com. | 13.75 | 14.25 |

## Unlisted Mines

July 13, 1937

| | Bid | Asked |
|---|---|---|
| Albany | .46 | .48 |
| Algold | .33 | .35 |
| Armistace | .11 | .13 |
| Arno | .02¾ | .03¼ |
| Athona | .15 | .18 |
| Area | .02¾ | .03¾ |
| Augite | .12 | .13 |
| Bailor | .02½ | .03 |
| Barber Lar. | .14½ | .15 |
| Bathurst N. | .02 | .03 |
| Big Master | .03 | .04 |
| Baldwin | .03 | .03½ |
| Bousquet | .00¾ | .01 |
| Cuniptau | .07½ | .08½ |
| Calder Bousquet | .07 | .09 |
| Cal. Fl. Fl. | .04 | .04½ |
| Can. Pandora | .08½ | .10 |
| Can. Kirkland | .02 | .02¼ |
| Candal'a | .40 | .42 |
| Casey Contact | .01 | .01½ |
| Chesterville | 1.25 | 1.35 |
| Coin Lake | .. | .10 |
| Columario | .. | .01 |
| Coronation | .08 | .11 |
| Coulson | .07 | .10 |
| Condor Old | .03½ | .04¼ |
| Con. Kirk | .29 | .30 |
| Cooke Lake | .24 | .28 |
| Cres. Kirk. | .03 | .04 |
| Dawson White | .12½ | .13½ |
| Dempsey | .09 | .10 |
| Denison Nic. | .46 | .48 |
| Desantis New | .36 | .39 |
| Doreva | .25 | .29 |
| Delosha | .15½ | .17½ |
| Dunlop N | .05 | .06 |
| El Bonanza | .06 | .08 |
| Electra Porc. | .07 | .10 |
| Eva Lake | .12 | .13 |
| Elmos | .11 | .12 |
| Faulkenham | .32 | .35 |
| Fernland | .13 | .15 |
| Fleming | .18 | .22 |
| Franklin | .01¼ | .01¾ |
| Frontier | .07½ | .09½ |
| Galatea | .03 | .03½ |
| Garnet | .01½ | .02½ |
| Gate Pat. | .06 | .08 |
| Gilbec | .02 | .02¼ |
| Gold Range | .02 | .03 |
| Goldside | .03½ | .04 |
| Gold Gat. | .41 | .43 |
| Gordon Lebel | .09 | .10 |
| Harlake | .02 | .03 |
| Hays | .. | .12 |
| Hudson Pat. | .03 | .04 |
| Hislop | .09 | .10 |
| Horseshoe | .01¾ | .03 |
| Hutch. Lake | .21½ | .22½ |
| Hugh Pam. | .10 | .13 |
| John. Nip. | .04½ | .05 |
| Kaw Crow | .05 | .07 |
| Kenecho | .12 | .14 |
| Kenricia | .46 | .49 |
| Kewgama | .31 | .33 |
| King Kirk. | .01¾ | .02½ |
| Kir-Vit. | .13 | .15 |
| Kir. Hun. | .01¾ | .02¼ |
| Lafayette | .02 | .02¾ |
| Lake Geneva | .66 | .68 |
| Lamaque | 6.10 | 6.25 |
| Lardego | .04½ | .05 |
| Magnet L. | .04¼ | .04¾ |
| Magnet Cen. | .11½ | .12½ |
| Malartic | .28 | .32 |
| Mart Mc. | .03 | .04 |
| Mar. Bird | .60½ | .62 |
| Margaret | .32 | .34 |
| Mata. Ca. | .11 | .12 |
| Moffatt N | .03 | .06 |
| McFarlane | .07 | .08 |
| McCarthy Webb | .19 | .21 |
| McVit. Kir. | .04 | .05 |
| Monarch | .05½ | .06½ |
| Mooshla | .16 | .18 |
| Mosher | .28 | .30 |
| Norlake | .12 | .13 |
| North Shores | .02½ | .03 |
| Oklend | .17 | .19 |
| O'Leary | .09 | .10 |
| Opem. Copper | .12 | .14 |
| Oriole | .07¾ | .08¼ |
| Osoyoos | .. | .40 |
| Ossian | .02½ | .03½ |
| Pascalis | .35 | .37 |
| Porc. McNabb | .04½ | .06 |
| Porc. Unt. | .03¼ | .07 |
| Plains P. | 3.25 | 3.75 |
| Potterdoal | .02 | .02½ |
| Porc. Tri. | .. | .18 |
| Pelangio | .09 | .10 |

## Winnipeg Stocks

(Transactions from July 3 to July 10)

| | Sales | High for period | Low for period | Close July 10 |
|---|---|---|---|---|
| Adlon Oils | 2,700 | .15 | .14 | .15 |
| Canadian Fire | 20 | 79.00 | 79.00 | 79.00 |
| Cres. Cream., p. | 6 | 37.00 | 37.00 | 37.00 |
| Dickstone Cop. | 1,000 | .10 | .10 | .10 |
| Flin Flon | 12,300 | .07½ | .05½ | .07½ |
| Gurney | 2,400 | .29 | .26 | .26 |
| Gold Lake | 6,000 | .02½ | .02½ | .02½ |
| Forty Four | 125 | 1.00 | 1.00 | 1.00 |
| Island Lake | 3,500 | .02 | .01 | .01 |
| Monarch Life | 20 | 25.25 | 25.25 | 25.25 |
| Monarch Gold M. | 2.75 | 1.10 | .90 | 1.00 |
| Marvel Oils | 2,500 | .05 | .05 | .05 |
| Ore Grande | 2,000 | .02½ | .02½ | .02½ |
| Pine Lake | 3,700 | .08 | .06 | .07½ |
| Sachigo | 300 | 15.00 | 10.25 | 14.00 |
| Star Lake | 2,000 | .01½ | .01½ | .01½ |
| United Grain | 10 | 10.00 | 10.00 | 10.00 |
| Wylie Dom. | 1,300 | .21 | .20 | .21 |
| Wingold | 3,000 | .03½ | .03½ | .03½ |
| Wpg. R. Tin | 500 | .01½ | .01½ | .01½ |
| West. Steel, pf. | 10 | 8.50 | 8.50 | 8.50 |

Stocks Not Traded in During Week*

| | Bid | Asked |
|---|---|---|
| Beaver Fire Insurance | .. | 100 |
| Can. Indemnity | 125 | .. |
| Dom. Envelope, pref. | 93½ | 95½ |
| Federal Grain, pfd. | .. | 42 |
| Home Investment | 22 | 25 |
| Northern Can. Mtge., pf. | 3 | .. |
| North. Mtge., part pd. | .. | 2 |
| Traders Bldg. | .. | 92 |
| Western Brew. | 1¼ | .. |

*Stocks more active on other exchanges not included.

## Listed Bonds

Week Ended July 12, 1937

| | Int. rate | Due | High | Low | Range 1937 High | Low |
|---|---|---|---|---|---|---|
| Mtl. L. H. & P. Debs. | 3 | '39 | 50½ | .. | 50½ | 50½ |

UNLISTED MINES (Continued)

| | Bid | Asked |
|---|---|---|
| Planet | .22 | .24 |
| Que. Man. | .83 | .85 |
| Rajah | .15 | .18 |
| Ribago Old | .03 | .03½ |
| Richmac | .. | .35 |
| Roeanor | .08 | .11 |
| Rouyn Reward | .04 | .04½ |
| Rubec | .03 | .05 |
| Sand River | .29 | .31 |
| Schreiber | .04 | .05 |
| Shenango | .13 | .16 |
| Skookum | .04½ | .05½ |
| Siscoe Ex. | .18 | .19 |
| Smelter | .03 | .04 |
| Spooner | .17 | .18 |
| Sturgeon River | .23 | .23 |
| Springer | .03 | .03½ |
| Straw L. | .11 | .11½ |
| Sun Bear | .23 | [illegible] |
| Tonawanda | .04 | .05 |
| Upper Can. | .26 | .27 |
| Wascana | .15 | .18 |
| Williamson | .10 | .11 |
| Wesley | .12 | .13½ |
| Westside | .05 | .03½ |
| West R. Lake | [illegible] | [illegible] |
| White Horse | .05 | .10 |
| Wendigo | [illegible] | [illegible] |
| Winoga | .03 | .10 |
| Young D. | .13 | .13 |
| Ypres Cad. | .03 | [illegible] |

## Government Bonds

**Dominion of Canada Bonds**

| July 14, 1937 | | Bid | Asked | Approx. Yld. |
|---|---|---|---|---|
| 2 | 15 Nov. '39 | 101.25 | 101.75 | 1.26 |
| 2½ | 15 Oct. '39 | 102.25 | 102.75 | 1.30 |
| 4 | 15 Oct. '39 | 105.65 | 106.15 | 1.22 |
| 1½ | 1 June '40 | 100.10 | 100.60 | 1.29 |
| 4½ | 1 Sept. '40 | 108.15 | 108.65 | 1.68 |
| 1 | 15 Mar. '41 | 97.85 | 98.35 | 1.46 |
| 5 | 15 Nov. '41 | 111.00 | 111.50 | 2.23 |
| 3 | 15 Oct. '42 | 103.50 | 104.00 | 2.19 |
| 2½ | 1 June '43 | 101.25 | 101.75 | 2.19 |
| 5 | 15 Oct. '43 | 112.15 | 112.65 | 2.81 |
| 4½ | 15 Oct. '44 | 110.00 | 110.50 | 2.90 |
| ▪2½ | 15 Aug. '45 | 99.65 | 100.00 | 2.50 |
| 4 | 15 Oct. '45 | 106.50 | 107.00 | ▴2.78 |
| 4½ | 1 Feb. '46 | 110.00 | 110.50 | 3.10 |
| 3¼ | 1 June '49 | 100.50 | 101.00 | ▴3.12 |
| 3½ | 15 Oct. '49 | 102.00 | 102.50 | ▴3.11 |
| 4 | 15 Oct. '52 | 106.25 | 106.75 | ▴3.23 |
| 3 | 1 June '55 | 96.35 | 96.85 | 3.24 |
| 4½ | 1 Nov. '56 | 109.15 | 109.65 | ▴3.31 |
| 4½ | 1 Nov. '57 | 109.25 | 109.75 | ▴3.39 |
| 4½ | 1 Nov. '58 | 109.65 | 110.15 | ▴3.42 |
| 4½ | 1 Nov. '59 | 110.00 | 110.50 | ▴3.46 |
| ▪3¼ | 15 Jan. '61 | 99.35 | 99.85 | 3.26 |
| '3¼ | 1 June '66 | 97.65 | 98.15 | 3.35 |
| ‡3 | Perp. bds. | 86.85 | 87.35 | 3.44 |

**Dominion Guaranteed Bonds**

| Canadian National Railway: | | | | |
|---|---|---|---|---|
| 3 | 1 May '44 | 102.00 | 103.00 | 2.52 |
| 3 | 15 Dec. '50 | 96.25 | 97.25 | 3.25 |
| 3 | 15 Feb. '53 | 95.25 | 96.25 | 3.30 |
| *4½ | 1 Sept. '51 | 112.75 | 113.75 | 3.30 |
| *4½ | 1 Feb. '56 | 113.00 | 114.00 | 3.48 |
| †4½ | 1 July '57 | 112.00 | 113.00 | 3.58 |
| *4¾ | 15 June '55 | 115.00 | 116.00 | 3.54 |
| 5 | 1 Feb. '54 | 116.00 | 117.00 | 3.65 |
| *5 | 1 July '69 | 115.00 | 116.00 | ▴3.10 |
| *5 | 1 Oct. '69 | 117.25 | 118.25 | ▴3.51 |

**Provincial Government Bonds**

| | | | | |
|---|---|---|---|---|
| **New Brunswick:** | | | | |
| 4 | 1 Sept. '54 | 100.50 | 101.50 | 3.88 |
| †4½ | 15 Apr. '61 | 104.00 | 105.00 | 4.17 |
| †5 | 15 Jan. '60 | 109.00 | 110.25 | 4.30 |
| **Nova Scotia:** | | | | |
| 3 | 2 Sept. '45 | 97.00 | 98.50 | 3.20 |
| 4½ | 15 May '43 | 106.50 | 107.50 | 3.13 |
| †4½ | 15 Sept. '52 | 108.00 | 109.00 | ▴3.46 |
| †5 | 1 Mar. '60 | 115.75 | 116.75 | 3.88 |
| **Ontario:** | | | | |
| 3 | 1 Dec. '51 | 95.25 | 96.25 | 3.33 |
| *4 | 1 June '62 | 106.00 | 107.50 | 3.55 |
| 4½ | 1 June '50 | 110.00 | 111.00 | 3.44 |
| *4½ | 15 Jan. '62 | 112.50 | 114.50 | 3.61 |
| 5 | 15 Oct. '48 | 113.75 | 114.75 | 3.44 |
| *5 | 2 Dec. '60 | 118.00 | 119.50 | 3.75 |
| 5½ | 1 July '46 | 115.75 | 116.75 | 3.33 |
| **Ont. Hydro Comm.:** | | | | |
| 3½ | 1 Apr. '47 | 101.50 | 102.50 | 3.20 |
| 4¾ | 1 Jan. '70 | 115.00 | 117.00 | 3.83 |
| **Prince Edward Island:** | | | | |
| 3 | 1 Oct. '45 | 97.00 | 98.50 | 3.20 |
| **Quebec:** | | | | |
| 4 | 15 Mar. '52 | 105.00 | 106.00 | 3.48 |
| 4¼ | 1 Aug. '58 | 108.50 | 109.50 | 3.60 |
| 4½ | 2 Jan. '63 | 110.00 | 111.00 | 3.82 |
| **Alberta:** | | | | |
| 4 | 15 Dec. '54 | 54.00 | 57.00 | § |
| †4 | 1 Dec. '57 | 54.00 | 57.00 | § |
| 4½ | 1 Oct. '51 | 67.00 | 70.00 | § |
| †4½ | 1 Oct. '56 | 56.00 | 59.00 | § |
| †5 | 1 Jan. '48 | 58.50 | 60.50 | § |
| 5 | 1 Sept. '55 | 58.50 | 60.50 | § |
| *5 | 1 Oct. '59 | 58.50 | 60.50 | § |
| †5½ | 1 Jan. '47 | 59.50 | 62.00 | § |
| 6 | 1 Mar. '47 | 64.00 | 66.50 | § |
| **British Columbia:** | | | | |
| †4 | 1 Dec. '57 | 91.00 | 92.50 | 4.57 |
| *4½ | 15 Jan. '51 | 96.75 | 98.00 | 4.70 |
| †4½ | 1 Oct. '53 | 96.25 | 97.50 | 4.72 |
| †5 | 15 Jan. '48 | 99.25 | 100.50 | 4.94 |
| 5 | 1 Sept. '53 | 99.25 | 100.50 | 4.95 |
| 5½ | 1 Feb. '45 | 101.50 | 102.50 | 5.10 |
| 6 | 15 Feb. '47 | 104.00 | 105.00 | 5.35 |
| **Manitoba:** | | | | |
| 4 | 2 Jan. '50 | 77.00 | 80.00 | 6.34 |
| †4 | 1 Dec. '57 | 77.50 | 80.50 | 5.61 |
| †4½ | 15 Dec. '56 | 84.00 | 87.00 | 5.60 |
| †5 | 15 June '54 | 89.00 | 92.00 | 5.74 |
| *5 | 2 Dec. '59 | 89.00 | 92.00 | 5.62 |
| 5½ | 1 Oct. '55 | 93.00 | 95.00 | 5.95 |
| 6 | 1 Apr. '47 | 97.00 | 98.00 | 6.27 |
| **Saskatchewan:** | | | | |
| 4 | 15 Aug. '53 | 63.00 | 66.00 | 7.86 |
| 4 | 1 Nov. '60 | 61.50 | 64.00 | 7.20 |
| *4½ | 2 July '45 | 75.00 | 80.00 | 7.91 |
| †4½ | 1 Oct. '51 | 75.50 | 78.00 | 6.93 |
| †4½ | 15 Mar. '60 | 66.00 | 71.00 | 7.06 |
| 5 | 1 Aug. '58 | 66.00 | 70.00 | 7.93 |
| †5½ | 15 Nov. '46 | 72.00 | 77.00 | 9.22 |
| 5½ | 1 Oct. '52 | 71.00 | 75.00 | 8.42 |
| 6 | 15 Mar. '52 | 74.00 | 77.50 | 8.71 |

*Payable Can., N.Y. & £. ▴Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. ‡Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

## Dividends Declared

| | This payment | Date payable | Date of record |
|---|---|---|---|
| Agnew-Surpass | 30c | Sept. 1 | Aug. 16 |
| Do., bonus | 30c | Sept. 1 | Aug. 16 |
| Do., pref. | $1.75 | Oct. 1 | Sept. 15 |
| Aluminium, pfd. | $1.50 | Sept. 1 | Aug. 14 |
| Do., arrears | $4 | Sept. 1 | Aug. 14 |
| Anglo-Can. Tel., p. | 1⅜% | Aug. 2 | July 15 |
| Beatty Bros., 1st pf. | $1.50 | Aug. 1 | July 1 |
| B. C. Tele., 2nd pf. | $1.50 | Aug. 2 | July 17 |
| Buff-Ankerite | 12½c | Aug. 16 | Aug. 2 |
| Do., extra | 7½c | Aug. 16 | Aug. 2 |
| Can. Nor. Power | 30c | July 26 | June 30 |
| Canada Bud | 40c | July 20 | July 6 |
| Corporate Investors | 6¼c | Aug. 15 | July 31 |
| Can. Bronze, pf. | $1.25 | Aug. 2 | July 20 |
| Do., com. | 37½c | Aug. 2 | July 20 |
| Can. Indust., A & B | $1.50 | July 31 | June 30 |
| Crown Cork | 20c | Aug. 16 | July 31 |
| Calgary Power, pf. | $1.50 | Aug. 2 | July 15 |
| Can. Dredge, c. | $1 | July 31 | July 14 |
| Cons. Press | 25c | Aug. 1 | July 15 |
| Dom. Tar, pref. | $1.37½ | July 31 | July 10 |
| Dome Mines | 50c | July 20 | June 30 |
| Do., extra | $2 | July 20 | June 30 |
| East. Theat., pf. | $3.50 | July 31 | June 30 |
| Frost Steel. 1st pfd. | $1.75 | Aug. 2 | July 16 |
| Guar. Tr. of Can. | $2.50 | July 15 | June 30 |
| Howey Gold | 2c | Aug. 2 | June 26 |
| Humberstone Shoe | 50c | Aug. 1 | July 15 |
| Imperial Bank | $2.50 | Aug. 2 | June 30 |
| Inter City Bak. | $1 | July 31 | July 15 |
| Int. Bronze Pwdr. | 37½c | July 15 | June 30 |
| Do., pref. | 37½c | July 15 | June 30 |
| Inter. Utilities | $1.75 | Aug. 1 | July 22 |
| Do., $3.50 pref. | 87½c | Aug. 1 | July 22 |
| Kelvinator, pfd. | $1.75 | Aug. 16 | Aug. 5 |
| Mtl. L. H. & Pr. | 38c | July 31 | June 30 |
| Nat. Biscuit, pf. | $1.75 | Aug. 31 | Aug. 13 |
| Nat. Biscuit, c. | 40c | Oct. 15 | Sept. 10 |
| Oxford Pipe Line, p. | 3½% | Aug. 2 | July 15 |
| Penmans | 75c | Aug. 16 | Aug. 5 |
| Do., pref. | $1.50 | Aug. 2 | July 21 |
| Power Corp., com. | †25c | July 26 | July 3 |
| Rolland Paper | 25c | Aug. 16 | Aug. 6 |
| Do., pref. | $1.50 | Sept. 1 | Aug. 16 |
| St. Law. Flour | 25c | Aug. 2 | July 20 |
| Do., pref. | $1.75 | Aug. 2 | July 20 |
| Simon & Sons, pfd. | $3.50 | Aug. 2 | July 20 |
| Steel of Can. | 43¾c | Aug. 2 | July 7 |
| Do., pref. | 43¾c | Aug. 2 | July 7 |
| South Can. Pwr., c. | 20c | Aug. 16 | July 31 |
| Saguenay Pwr., pf. | $1.37½ | Aug. 1 | July 15 |
| Toburn Gold | 2c | Aug. 21 | July 22 |
| United Corp., A | ‡75c | Aug. 16 | July 31 |
| Weston, Geo., pf. | $1.25 | Aug. 3 | July 15 |
| Zimmerknit, pfd. | $3.50 | Aug. 1 | July 15 |

†Interim. ‡On arrears.

## Mining Dividends

| | Rate | Close July 12 | Yield % |
|---|---|---|---|
| Anglo-Huronian | 20c | 5.25 | .. |
| Beattie Gold | 5c | 1.20 | .. |
| Bralorne | 40c+25c | 7.10 | *9.2 |
| Buffalo Ankerite | 50c+12½c | 9.25 | *6.7 |
| Bulolo Gold | ‡1.50 | 25.00 | .. |
| Cariboo | 10c | 1.60 | 6.2 |
| Central Patricia | 8c | 2.67 | .. |
| Coniagas | 12½c | 2.00 | .. |
| Coniaurum | 5c | 1.19 | .. |
| Cons. Smelters | 50c+$1 | 81.00 | .. |
| Dome Mines | $2+$2 | 41.00 | *9.8 |
| Falconbridge | 30c | 7.80 | 3.8 |
| Hollinger | 65c+45c | 11.75 | *9.3 |
| Howey Gold | 4c | .35 | .. |
| Hudson Bay | 75c | 32.00 | .. |
| Island Mountain | ‡5c | .65 | .. |
| Inter. Nickel, com. | $2 | 62.25 | 3.2 |
| Inter. Mining | 30c | 11.12 | .. |
| Kerr Lake | 5c | .55 | .. |
| Kirk. Lake | ‡3c | 1.34 | .. |
| Lake Shore | $4+$1 | 51.50 | *9.7 |
| Lava Cap M. | 5c | 1.14 | .. |
| Little Long Lac | 20c | 5.25 | .. |
| Macassa | 15c | 5.30 | .. |
| McIntyre | $2 | 35.50 | 5.6 |
| McKenzie Red Lake | 4c | 1.24 | .. |
| McKinley Sec. | 5c | .50 | .. |
| McWatters Gold | 5c | .45½ | .. |
| Noranda | $1.75 | 64.00 | .. |
| Nor. Can. Mining | ‡2c | 64.00 | .. |
| Nipissing | 25c | 2.48 | .. |
| Placer Develop. | ‡60c | 15.00 | .. |
| Premier | 12c+1c | 2.40 | *5.4 |
| Pioneer, B.C. | 40c | 3.40 | 11.8 |
| Pickle Crow | 40c | 5.80 | 6.9 |
| Reno | 12c | .83 | 14.4 |
| San Antonio | 7c | 1.75 | .. |
| Sheep Creek | 8c+1c | .78 | *11.5 |
| Siscoe | 20c+1c | 3.70 | *5.6 |
| Sudbury Basin | †10c | 3.85 | .. |
| Sullivan Cons. | †2½c | 1.22 | .. |
| Sylvanite | 20c+5c | 3.25 | *7.6 |
| Teck-Hughes | 40c+5c | 4.85 | *9.3 |
| Toburn | 8c | 2.35 | 3.4 |
| Ventures | †12½c | 8.00 | .. |
| Wright-Har. | 40c+25c | 6.30 | *10.3 |

‡Interim. †Initial.
*Yield includes bonus.

**Week in Wheat**

# Big Overseas Demand Sends Prices Soaring

### War-scared Europe Realizes That Future Supplies Likely to be Light — Prices Around Peak Levels

From Our Own Correspondent

WINNIPEG.—A sudden outbreak of European buying, coupled with further confirmation of disastrous drought damage in western Canada, combined to push wheat prices to peak levels this week. Though Canadian crop conditions have now been fully appreciated by most traders on this continent, the full effect of drought damage on the Prairies is only now being realized in Europe.

With this realization has also developed further political tension over both the Spanish situation and the new Chinese-Japanese crisis. To prepare against emergencies overseas buyers have come strongly into the market for Canadian old wheat and United States new crop and, with supply and consumption in the closest relation in 10 years, naturally prices have surged forward.

***U. S. Exports***

United States after an absence of two years is back in the wheat export picture again. But growers in that country are not worrying, being assured a steady and profitable market for any surplus. The latter is now generally estimated at approximately 200 to 250 million bushels. Total crop is expected to be about 850 million bushels as compared with 625 millions a year ago. This surplus in United States is not much larger than the difference between the present poor crop Canada is going to harvest and a normal yield.

* * *

***Importing Changes***

France, Great Britain, Germany, Italy, Belgium, and Holland are the six big importing nations of the world. Of these, only the British Isles and Holland now are importing on the old scale.

France, Germany and Italy have greatly increased domestic output in recent years. From 1910-14, France imported an average of 43 million bushels, and in the four years from 1932 to 1936 the average was 11 millions. From 1910-14, Italy imported 52,749,000 bushels, but in the recent years the total has run very much less. Germany's imports have dropped to 4 millions a year from nearly 70 millions before the war. The six nations imported 450 millions on the average before the war, but only a little over 300 millions on the average in the four years ended with 1936.

However, there are indications again of larger European imports. From 1925 to 1935 that continent enjoyed much larger than average crops and in the latter part of the decade efforts were made to increase domestic consumption without regard to costs. Last year's harvests were generally much poorer than previously and heavy imports started. Present crop prospects are also below average.

* * *

***New Sowings***

Hardly more than half the usual rainfall has been received in the Argentine grain growing areas since April 1. As a result, the anticipated increase in winter wheat seeding in that country has not taken place and it is doubtful whether more than last year's normal area will be sown. At the beginning of the season it was expected that acreage would be stepped up 20% or more due to higher prices.

Offsetting this Argentine decline to some extent has been an increase in Australian sowings where spring weather has been much more favorable than usual.

Although winter wheat sowing in United States is still nearly two months distant it is expected that last year's record acreage will be equalled if not exceeded. Reason again, of course, is the much more favorable price outlook.

* * *

***Oriental Crops Down***

Combined wheat crop of China, Japan and Manchuria this year is not expected to exceed 744 million bushels. This compares with the 869 millions estimated as having been produced last year.

Such would represent a reduction of approximately 15%, with the somewhat larger wheat crops in Japan and Manchuria offsetting the considerably smaller crop estimated for China. While early prospects indicate fair sized summer crops of other grains, it is not likely that these will equal the large harvests of last season.

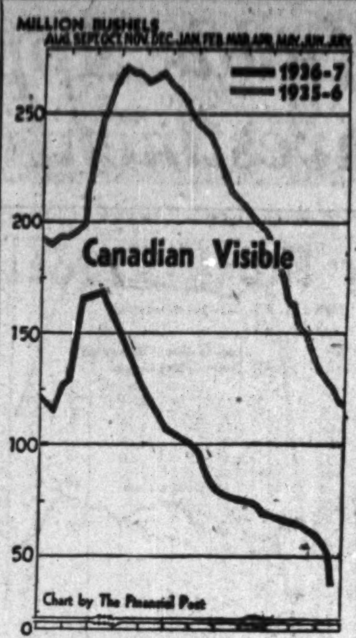
* * *

***World Requirements***

Broomhall's tentative estimate of world wheat requirements for the next crop year, beginning Aug. 1, 1937, is 536 million bushels. This is less than importers took in the present world crop year, as world shipments since last Aug. 1 have totalled 560 millions, with aboui five weeks remaining.

It is estimated by Broomhall that the requirements of next year will be supplied as follows: Canada 136,000,000 bushels, United States 96,000,000, Russia 32,000,000, Danubian countries 48,000,000, scattered countries 8,000,000 and the Southern Hemisphere 216,000,000 bushels.

Estimated requirements make no allowance for any accumulation of stocks and those of exports were undoubtedly figured before full realization of the present Canadian crop disaster was apparent. However, with damage in Canada offset by gains in the United States, there probably will be little net difference in totals.




### DOWN TO 40 MILLIONS

With three weeks remaining of the current crop year yet to be reported Canadian visible supply of wheat is down to approximately 40 million bushels. This is the lowest carryover for this time of year in over 10 years. At the present rate of shipment total carryover of old wheat at the beginning of the new crop year next month should not be above 35 million bushels. A year ago it was well over 100 millions and at July 31, 1935, it stood at almost 200 millions.

Details of visible and export shipments in bushels are as follows:

| Week of July 9 | Week Previous | Last Year |
|---|---|---|
| 40,600,000 | 43,010,000 | 140,704,000 |

Export Clearances*

| Week of July 9 | Week Previous | Last Year |
|---|---|---|
| 1,809,789 | 2,988,014 | 5,052,558 |

*Plus U. S. imports.

## Algoma Central Revenue Records Sharp Increase

From Our Own Correspondent

MONTREAL.—Algoma Central & Hudson Bay Railway reports gross operating earnings in the first three months of 1937 showed a greater increase than in the entire 12 months of 1937. Gross revenues for the quarter amounted to $424,145, an increase of $138,373. For the entire 12 months of 1936 gross railway receipts amounted to $1,257,892, an increase of only $85,547 over 1935.

For the month of March gross revenues amounted to $160,037, an increase of $70,464 over the same month of 1936.

# Flour Exports Decline Again

### Big Volume Shrinkage in June — Wheat Exports Small

Flour exports lost further ground in June with the total well under 400,000 barrels being the lowest for this month in the last four years. Canadian export millers have been facing stiffening competition from Great Britain and Continental Europe and so far have been unable to recover much lost ground.

Last month, for the first time in years, there was some weakening in prices, the value per barrel declining from $6.10 in May to an average of $5.97. This figure, however, remained very much higher than the average price for export flour in any of the three preceding years.

**Wheat Volume Off**

Wheat exports in June were just half the volume in the same month last year, which was a natural development in view of the fact that Canada's large carryover was being liquidated a year ago whereas there is little surplus to sell at the present time. However, this small volume in June was only $4 millions short in dollar value of total exports a year ago. Price per bushel in the last 12 months has advanced from 76 cents to an average of $1.26 for June, 1937.

Details are as follows:

**Flour Exports**

| | Price per bbl. $ | Quantity bbls. | Total value $ |
|---|---|---|---|
| June | | | |
| 1937 | 5.97 | 389,995 | 2,329,245 |
| 1936 | 3.86 | 430,171 | 1,663,424 |
| 1935 | 3.87 | 429,561 | 1,664,482 |
| 1934 | 3.47 | 441,064 | 1,534,212 |
| May, 1937 | 6.10 | 348,866 | 2,130,235 |
| **12 Months Ended June** | | | |
| 1937 | 4.99 | 4,635,606 | 23,143,162 |
| 1936 | 4.01 | 4,929,244 | 19,772,812 |
| 1935 | 3.83 | 4,763,106 | 18,253,929 |
| 1934 | 3.56 | 5,539,373 | 19,735,361 |

**Wheat Exports**

| | Price per bus. $ | Quantity bus. | Total value $ |
|---|---|---|---|
| June | | | |
| 1937 | 1.26 | 12,180,068 | 15,441,883 |
| 1936 | .76 | 25,763,565 | 19,682,585 |
| 1935 | .79 | 6,494,622 | 5,148,692 |
| 1934 | .78 | 18,425,933 | 14,367,142 |
| May, 1937 | 1.31 | 8,026,507 | 10,529,311 |
| **12 Months Ended June** | | | |
| 1937 | 1.08 | 192,167,979 | 207,997,304 |
| 1936 | .81 | 215,265,176 | 175,505,560 |
| 1935 | .82 | 148,196,106 | 121,639,590 |
| 1934 | .70 | 173,628,314 | 122,888,098 |

## Investment Trusts

| | Bid | Asked |
|---|---|---|
| Can. Amer. Trust | 4.60 | 4.95 |
| Can. Invest. Fund | 4.60 | 4.95 |
| All Can. Trustee | 14.25 | 14.75 |
| Trans-Canada | 14.05 | 14.95 |
| Grouped Income | 6.49 | 7.15 |
| Can. Equity | 13.50 | ... |
| Can. Int. Tr., modified | 6.00 | 6.50 |
| Do., unmodified | 5.50 | 6.00 |

## Moose Jaw Plan Not Acceptable

No further action has been taken by holders of Moose Jaw bonds since July 1, 1937. On that date the city offered payment of debenture interest at 60% of the regular coupon rate with a minimum payment of 3%. Debenture holders accepting this rate do so in full discharge of the city's obligation to pay these coupons.

This action was taken by the city on the strength of two resolutions passed by the city council on June 23 as follows:

(1) The city for one year will pay only 60% of interest due, in full discharge of interest obligations, with a minimum rate of 3%.

(2) The city council stated its willingness to discuss the question of debt adjustment with debenture holders.

It is believed that institutional holders of Moose Jaw debentures are almost unanimous in refusing to accept the 60% interest payment. The great majority of private debenture holders are also believed to have refused so far to accept this payment although it is probable that in some cases need for ready money has compelled acceptance.

## Transport Firm Offering Stock

### Preference Stock Carries Bonus of Common Stock

MONTREAL.—Irving, Brennan & Co. and T. M. Bell & Co. are offering $250,000 of 6% cumulative preference stock of S. M. T. (Eastern) Ltd., par value $10 a share. Each 10 shares of preference stock carries a bonus of four shares of common stock.

**$250,000**
**S.M.T. (Eastern) Ltd.**
**6% Cumulative Preference Stock**

**Company**—Incorporated in 1937 to carry on a general highway transportation business in New Brunswick. Conducts both freight and passenger services. Controls franchises over 1,264 miles of highway, which extends from Edmundston in the northwest to St. Stephen in the southwest, and from Cape Tormentine in the southeast to Tracadie in the northeast. Co-ordinates schedules with Scotia Motor Transport at the Nova Scotia border. Both freight and passenger runs are operated from St. John, Fredericton and Moncton.

| Capitalization | Author | Issued |
|---|---|---|
| Preference, $10 par | 50,000 shs. | 25,000 shs. |
| Common, n.p.v. | 200,000 shs. | 130,006 shs. |

**Callable**—At $10.50 a share. Sinking fund for retirement of preference stock provided.

**Earnings**—Estimated that net earnings will be $50,000 annually or three times preference dividend requirements.

**Purpose**—To reimburse company for capital expenditures and to provide funds for additional equipment.

## Maritime Cadillac To Go Underground

After a seven months programme, involving over 12,000 feet of diamond drilling, shaft sinking on the property of Maritime Cadillac Gold Mines is recommended in a progress report issued by Lewis A. Dunham, consulting engineer.

Mr. Dunham recommends that the first step in underground development should be the exploration of the northeast vein, which has been tested by nine drill holes over a length of 625 feet, with both ends open, and to a depth of nearly 200 feet, Mr. Dunham reports. This vein appears to have a width of 15 feet, with commercial ore indicated over widths of six feet.

Mr Dunham believes that the southeast vein also merits further eexploration underground.

# C. P. R. Earnings Better On United States Lines

From Our Own Correspondent

MONTREAL.—Earnings of Canadian Pacific Railway lines and subsidiaries in the United States recorded an improvement during the first five months of this year.

The principal line controlled by the C.P.R. in the U. S. is the Minneapolis, St. Paul and Sault Ste. Marie Railway Co. During recent years the operations of this subsidiary have been unsatisfactory and advances made by the C.P.R. in fulfilment of its guarantee of Soo Line bonds have proved a heavy drain on the C.P.R. treasury. During the current year there has been some improvement in revenues, but the increase has been insignificant when compared with the amount that would be necessary to meet interest requirements.

Despite an increase in gross revenues, net earnings of the Soo Line for May were lower than in the same month of 1936. For the five months ended May 31, however, net earnings after operating expenses and rentals amounted to $310,016. This compares with a net deficit of $45,335 for the same period of 1936.

**Spokane International**

The improvement recorded by the Spokane International Railway in 1936 has continued into the current year. In the first five months of the year net earnings showed a slight increase. In the month of May a small net deficit was reported as compared with a surplus in May, 1936, despite an increase in gross revenues.

C.P.R. lines in the states of Vermont and Maine were operated at a loss in the month of May. For the five-month period the Maine line shows a marked increase in net earnings and in the same period the net operating deficit on the lines in Vermont was reduced substantially.

Comparative earnings of the U.S. lines are given below:

| | 1937 $ | 1936 $ |
|---|---|---|
| **C.P.R. Lines in Maine** | | |
| Month of May | | |
| Gross from railway | 156,442 | 160,136 |
| Net from railway | d24,939 | d6,266 |
| Net after rents | d56,125 | d33,881 |
| Five Months Ended May 31 | | |
| Gross from railway | 1,286,477 | 1,131,830 |
| Net from railway | 350,062 | 176,402 |
| Net after rents | 189,416 | 23,642 |
| **C.P.R. Lines in Vermont** | | |
| Month of May | | |
| Gross from railway | 115,138 | 94,005 |
| Net from railway | d1,190 | d31,294 |
| Net after rents | d31,567 | d57,873 |
| Five Months Ended May 31 | | |
| Gross from railway | 511,185 | 406,280 |
| Net from railway | d62,795 | d185,944 |
| Net after rents | d196,460 | d312,799 |
| **Spokane International** | | |
| Month of May | | |
| Gross from railway | 65,377 | 61,960 |
| Net from railway | 7,002 | 12,318 |
| Net after rents | d2,554 | 3,785 |
| Five Months Ended May 31 | | |
| Gross from railway | 318,876 | 266,420 |
| Net from railway | 55,091 | 50,164 |
| Net after rents | 11,989 | 10,408 |
| **Minneapolis, St. Paul & Sault Ste. Marie** | | |
| Month of May | | |
| Gross from railway | 2,432,287 | 2,337,725 |
| Net from railway | 530,492 | 642,404 |
| Net after rents | 210,115 | 342,052 |
| Five months ended May 31 | | |
| Gross from railway | 10,550,882 | 9,775,405 |
| Net from railway | 1,634,138 | 1,321,513 |
| Net after rents | 310,016 | d45,335 |

Note: d—signifies deficit.

## Lava Cap Operating Profit is $212,629 in 5 Months

Production for the first five months of 1937 at Lava Cap Gold Mining Co.'s property in Nevada County, California, totalled $559,861, with a total operating cost of $347,232, leaving an operating profit, before taxes, and charges of about $212,629.

Ore reserves, The Post understands, are now estimated at between 200,000 and 300,000 tons.

Following are production figures for the first five months of this year:

| Month | Tons milled | Recov. per ton $ | Gross value $ | Oper. costs $ |
|---|---|---|---|---|
| Jan. | 8,500 | 12.99 | 103,924 | 62,165 |
| Feb. | 7,500 | 12.99 | 92,540 | 59,867 |
| Mar. | 9,300 | 14.36 | 127,288 | 75,227 |
| Apr. | 9,850 | 12.56 | 114,378 | 73,697 |
| May | 9,100 | 14.07 | 121,731 | 76,276 |

## What's What In Advertising

By JEAN R. GEMMELL

Eclipse Fountain Pen Co., Toronto, will again be advertising nationally this fall. Recently this firm has confined itself to display pieces, but it is understood it will now use newspapers and consumer trade papers. Advertising will be handled by Consolidated Advertising Service, Toronto.

* * *

J. Walter Thompson Co., Toronto, has been appointed to handle the advertising for Graham-Paige Motors (Canada) Ltd. There will be some current advertising, but the greater part of the campaign will be on the coming 1938 models.

* * *

Waltham Watches will again commence advertising with a fall campaign under the direction of Norris-Patterson Ltd., Toronto. National media as well as trade papers and display pieces for dealers will be used. Goldsmith Company of Canada Ltd. is the distributor in Canada for Waltham.

* * *

N. R. Perry has been appointed business manager cf Maclean's Magazine as well as Chatelaine. E. B. Harshaw, formerly manager of the New York office of the MacLean Publishing Co., will return to Toronto to become advertising manager of Chatelaine, and S. M. Huestis, formerly of Homes & Gardens and Mayfair, will replace Mr. Harshaw in New York.

## Northern Transportation Claims "Healthy Profit"

While actual figures are not supplied, Northern Transportation Co., wholly-owned subsidiary of Eldorado Gold Mines, claims a "healthy operating profit" for the 12-month period ending March 31, 1937, in a statement made by A. Matt Berry, general manager.

The company which operates over a distance of 1,661 miles from the end of steel at Waterways, Alta. to Aklavik on the Arctic Ocean, was purchased last year by Eldorado for $87,500.

"Before adjustment with Eldorado," Mr. Berry states, "but after depreciation the company shows an operating profit of more than 15% on Eldorado's total investment."

During the year the company operated a total of 14 vessels and barges serving the Athabaska, Great Slave Lake, Great Bear Lake and McKenzie River area.

## Public Utility Earnings

**Mexican Light & Power**

| | May, 1937 $ | May, 1936 $ | Incr. $ |
|---|---|---|---|
| Gross earns. | 740,019 | 659,766 | 80,253 |
| Oper. exps. | 586,601 | 464,601 | 122,000 |
| Net earns. | 153,418 | 195,165 | *41,747 |
| Aggr. gross from Jan. 1 | 3,674,598 | 3,350,145 | 324,453 |
| Aggr. net from Jan. 1 | 1,043,152 | 1,057,740 | *14,588 |

*Decrease.

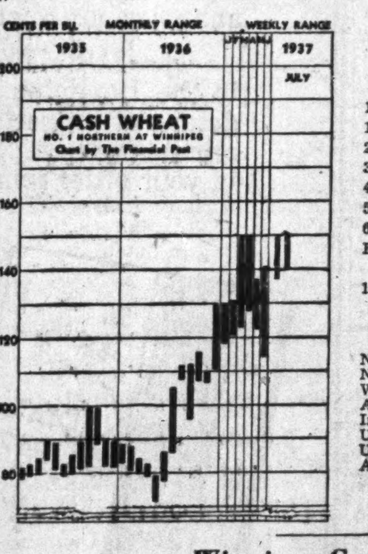
## Municipal Bonds

July 13, 1937

| | Rate | Due | Bid | Ask. | Yld. |
|---|---|---|---|---|---|
| †Halifax | 5 | 1961 | 110.50 | 112.00 | 4.20 |
| Hamilton | 5 | 1950 | 112.00 | 113.90 | 3.65 |
| Montreal | 5 | 1945 | 105.00 | 106.50 | 4.00 |
| Ottawa | 4½ | 1945 | 108.50 | 110.60 | 3.00 |
| †Quebec | 5 | 1959 | 102.00 | 103.50 | 4.74 |
| Saint John | 5 | 1950 | 106.50 | 108.00 | 4.22 |
| †Toronto | 4½ | 1955 | 110.30 | 112.30 | 3.55 |
| †Vancouver | 5 | 1950 | 88.00 | 93.00 | 5.78 |
| Winnipeg | 5 | 1944 | 97.00 | 101.00 | 4.83 |

†Payable Can. and N. Y.

## Wheat Prices




(Cash Quotations)

| | For Week July 13 High | Low | Prev. Week High | Low |
|---|---|---|---|---|
| 1 Man. Hard | 1.50 | 1.43⅝ | 1.50⅛ | 1.39⅞ |
| 1 Northern | 1.50 | 1.43⅝ | 1.50⅝ | 1.39⅞ |
| 2 Northern | 1.48 | 1.41⅝ | 1.47⅞ | 1.34⅜ |
| 3 Northern | 1.44¾ | 1.38⅜ | 1.43⅞ | 1.34⅜ |
| 4 Northern | 1.38½ | 1.32⅛ | 1.39⅞ | 1.30⅜ |
| 5 Wheat | 1.30½ | 1.24⅛ | 1.29⅞ | 1.19⅞ |
| 6 Wheat | 1.24½ | 1.18⅛ | 1.23⅞ | 1.15⅞ |
| Feed Wheat | 1.08½ | 1.02⅛ | 1.07⅞ | .99⅞ |
| Vancouver: Week to July 12: | | | | |
| 1 Northern | 1.41¼ | 1.37¼ | 1.41⅛ | 1.32⅜ |

Competitive Export Prices:

| July shipments: | Week to July 10 High | Low |
|---|---|---|
| No. 1 North. (Atlan.) | 1.66¾ | 1.62⅝ |
| No. 2 North. (Atlan.) | 1.64⅜ | 1.59 |
| West Australian (afloat) | 1.45⅛ | 1.39⅞ |
| Australian | 1.45⅞ | 1.39⅞ |
| Indian (new crop) | 1.38⅞ | 1.36⅛ |
| U. S. Soft White Pac.† | 1.43½ | 1.39½ |
| U. S. Hard Winters‡ | 1.52¾ | 1.51⅛ |
| Argentine (Rosafe) 63½ lb.* | 1.34⅜ | 1.31½ |

†Sept. ‡Aug.
*New crop Jan.-Feb.

## Winnipeg Grain Futures

Week to July 13, 1937

| Crop year from Aug. 1, 1936 High | Low | | Open July 7 | High for week | Low for week | Close July 13 |
|---|---|---|---|---|---|---|
| | | **Wheat** | | | | |
| 1.51½ | 1.03¾ | July | 1.47 | 1.49½ | 1.42¼ | 1.49¼ |
| 1.43⅝ | 1.04⅛ | Oct. | 1.40 | 1.43 | 1.35½ | 1.43 |
| 1.40 | 1.07 | Dec. | 1.36½ | 1.39 | 1.30⅞ | 1.39 |
| | | **Oats** | | | | |
| .70 | .43⅝ | July | .65¼ | .70 | .61¼ | .70 |
| .58⅝ | .41 | Oct. | .56 | .58½ | .52¼ | .58¼ |
| .54⅞ | .38¾ | Dec. | .53½ | .54⅞ | .49⅛ | .54⅜ |
| | | **Barley** | | | | |
| .82½ | .56¾ | July | .72⅜ | .75⅛ | .71 | .75⅜ |
| .75¼ | .51 | Oct. | .69¾ | .71⅞ | .64¾ | .71⅜ |
| .70⅜ | .58 | Dec. | .67¾ | .70¼ | .63 | .70⅛ |
| | | **Flax** | | | | |
| 2.05 | 1.60 | July | 1.78½ | 1.86¾ | 1.77 | 1.86¾ |
| 2.01 | 1.61 | Oct. | 1.84 | 1.88¾ | 1.78⅛ | 1.88½ |
| 1.88¾ | 1.70¼ | Dec. | ...... | 1.89⅜ | 1.76 | 1.88½ |
| | | **Rye** | | | | |
| 1.50⅞ | .78¼ | July | 1.46½ | 1.50⅞ | 1.42½ | 1.50¾ |
| 1.09½ | .75⅝ | Oct. | 1.05 | 1.06¼ | .97¼ | 1.02¼ |
| 1.06½ | .74 | Dec. | 1.02½ | 1.03¾ | .94⅝ | .99⅝ |

## DIVIDEND NOTICES


**ANGLO-CANADIAN TELEPHONE COMPANY**

PREFERRED DIVIDEND NOTICE

NOTICE is hereby given that a dividend of One and Three-Eighths Per Cent. (1⅜%) has been declared on the 5½% Cumulative Preferred Stock of the Company for the Quarter ending July 31, 1937, payable August 2, 1937, to Stockholders of record at the close of business on July 15, 1937.

By order of the Board,

GEOFFREY PURDY,
Secretary

Montreal, July 14, 1937.

A. J. PATTISON Jr. & CO. LTD.
Established 1907
CORPORATION SECURITIES
Royal Bank Bldg. — EL. 5101
TORONTO

A Distinguished Reputation

The Millers of Purity Flour have built a Canada-wide reputation on the sound foundation of Quality. By the most exacting test of all — the goodwill of housewives and bakers throughout Canada — this Company has held its leading position for over thirty years.

PURITY FLOUR
Best for All Your Baking

Milled by Western Canada Flour Mills Co., Limited.
Head Office: Toronto; Branches from Coast to Coast. Mills at: Goderich, Winnipeg, Brandon, Calgary and Victoria.
Other leading products: Purity Rolled Oats; Purity Salt; Hovis Flour; Pioneer Poultry Feeds.

GRAND TRUNK PACIFIC ELEVATOR CO. LIMITED
LOCATED AT FORT WILLIAM ON C. N. R. & C. P. R. ELEVATOR ABSOLUTELY FIREPROOF THROUGHOUT. OPERATED BY ELECTRICITY — CAPACITY 5,750,000 BUS.
Frederick B. Wells, President
W. Slater, Vice-Pres. and Gen. Mgr.

TORONTO ELEVATORS LIMITED
Capacity:
Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels
The most modern facilities for the storage and transfer of grains, for grain conditioning, and for the production of MASTER FEEDS for Livestock and Poultry. MASTER FEEDS are endorsed and recommended by leaders in the livestock industry of Canada.
Toronto Elevators Ltd.
also Owning and Operating
The Sarnia Elevator Co. Ltd.
QUEEN'S QUAY TORONTO

DEPENDABLE
THE ALBERTA PACIFIC GRAIN Co. Ltd.
LICENSED AND BONDED WITH THE BOARD OF GRAIN COMMISSIONERS

C. D. HOWE COMPANY LIMITED
Consulting Engineers
Grain Elevators—Flour & Feed Mills—Reports—Appraisals.
SEVENTH FLOOR, WHALEN BLDG. PORT ARTHUR, ONTARIO. J. M. FLEMING, Mgr. & Ch. Engr.

THE CANADIAN CONSOLIDATED GRAIN COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants — Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

McCABE BROS. GRAIN CO. LTD.
WINNIPEG, MAN.
Grain Commission Merchants — Shippers and Exporters — All Grains-Sacked Feeds
Country and Terminal Elevator Operators
Grain Merchandising
MANITOBA - SASKATCHEWAN - ALBERTA
Offices: DULUTH - MINNEAPOLIS

RELIANCE GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
SMITH, MURPHY CO. INC.
510 PRODUCE EXCHANGE, NEW YORK
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

A Complete Investment and Trading Service
STOCKS . . . BONDS
GRAIN . . . . MINES
MELADY, SELLERS & CO. LTD.
Grain Exchange WINNIPEG Phone 92709

PARRISH & HEIMBECKER LIMITED
Incorporated 1909
Grain Receivers
Shippers and Exporters
When in Toronto call at our office, King Edward Hotel Building. Direct wire connections, Winnipeg and Chicago markets.
"An old established firm with a reputation for doing business RIGHT"

EST. 1857
Grain Merchants Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS Limited

**Week in Mining**

# Action in Field Needed To Spur Mining Market

## Improved Sentiment on Gold Fails to Move Prices — Next Move Appears Dependent on News From Camps

Canadian markets, although displaying firmer tones in recent weeks, have not reacted in proportion to the generally altered public opinion regarding gold prices. While the long-term future of gold still remains anybody's guess, the short-term picture is now conceded to be reassuring.

The discrepancy between public thought on gold, and the public's backing of the gold share market indicates several things, the most important being that former values were based to a too great degree on hopes for higher gold prices, and were therefore out of line. Another point raised by the failure of more reassuring gold developments to stimulate the market is that it will take more than a stabilization of gold price to restore markets to their former levels. Only a few would argue that this is in itself a desirable objective. In any event it seems fairly apparent that only a major gold strike, or a strong wave of excellent news from the camps, will have much effect on the market prices of stock.

In this connection it is undoubtedly true that operators of developing mines are reluctant to release news of genuinely good development during such times as the present when the public is apparently little interested in the mining market.

### *Cariboo Co-operation*

One of the brightest bits of news to come from the Cariboo area of B.C. since that camp was paralyzed by the C. I. O. strike is the news that, as a result of the strike, a move has been launched to institute a co-operative committee system along the lines of that used at Trail, and described in a recent issue of The Financial Post. The initiative at Cariboo is being taken, as it should be, by the men themselves.

Although it has been used successfully for 19 years at Trail, the co-operative system, by which an atmosphere of mutual objectives is fostered throughout the plant, is being thrown into sharper and sharper relief by labor troubles and fear of labor troubles elsewhere. At Bralore Mines, in the Bridge River camp of B.C., a similar system was set up some months ago, although it lacks some of the important features of the Trail method.

The lesson taught at Trail is apparently bearing fruit gradually elswhere in Canada, and after all, the true significance of this system lies in its ability to be adapted to other camps.

* * *

### *Smelters' Income Rising*

Production figures for the first half of 1936 released last week by Consolidated Mining & Smelting Co., indicate gross earnings some $9 millions higher than a year ago. While actual production of gold was considerably lower, higher prices for lead and zinc, plus greater tonnage produced are responsible for the substantial increase in gross earnings.

While, with no cost data and other information available, it is impossible to estimate just what effect this substantial increase in gross will have on net earnings, it is interesting to note that in 1936, an increase of about $4.5 millions in total production over 1935 resulted in an increase in net profits of over $2.6 millions or about 81 cents per share.

It is apparent, therefore, that Smelters' net earnings for 1937, barring any unforeseen obstacle, should be considerably higher than in 1936.

* * *

### *Index to Mining Stocks*

The general index of 24 mining issues prepared by the Dominion Bureau of Statistics, moved steadily forward on modest trading from 134.2 on June 30 to 141.9 on July 8. The greatest increase, recorded on July 6, reflected improved market confidence generated by the more favorable United States labor situation and the easing of the French financial situation as evidenced by the lowering of the official discount rate by the Bank of France. It received direct support also from the higher prices for base metals on the London market. Golds mounted gradually from 104.9 on June 30 to 108.8 on July 7, and closed the week at 108.4. Fluctuations were limited to fractions in the latter part of the week. Base metals made additional headway, and the index was carried up to levels of about two months ago. The index for this group was 280.4 for July 8 as compared with 255.3 for the corresponding day last week.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## Current Chatter From B. C.

From Our Own Correspondent

VANCOUVER.—Concentrated ore from the B. C. Nickel mines at Choate are arriving here from the Trail smelter of Consolidated Mining & Smelting Company and await shipment to Japan.

The concentrates are from the 3,000 tons of raw ore shipped from Choate a few weeks ago. B. C. Nickel Mines is still negotiating for a three-year contract with Japanese refiners, and when that is decided on a 500-ton concentrator will be built.

* * *

**De Ganahl Returns to B. C**

Charles F. de Ganahl, directing head of Ventures Exploration Co. of East Africa, has returned to British Columbia to look over his mining properties and during the summer will establish headquarters at Stuart Lake. His hydraulic property is at Likely, and large scale development there is contemplated.

* * *

**Mackenzie Leaves Wingdam**

A. M. Richmond, former provincial government engineer, has been engaged by Consolidated Gold Alluvials, Ltd., to take charge of operations at Wingdam, in the Cariboo, replacing Major D. Campbell Mackenzie, who will continue in a consulting capacity.

* * *

**Sheep Creek Output**

Gross production at Sheep Creek Gold Mines established a new high at $83,184 in June, according to President Rolf Bruhn. The net was $50,024, before providing for income taxes, depletion and depreciation. The number of dry tons milled was 4,483. Higher values than usual were obtained owing to the work on the new ore shoot in the Hideaway vein. The production is said to be considerably in excess of the normal expectancy for the succeeding months.

## L. B. United Taken Over Under Re-organization

Shareholders of the present L. B. United Mines will receive one new share for each three they now hold as the result of a reorganization plan whereby a new company is to be formed to take over the assets and liabilities of the present one. The new company is to be capitalized at 3,000,000 shares. It will assume L. B. United's assets and liabilities in exchange for 1,118,970 new shares.

It will be recalled that L. B. United's principal property, the Centennial Mine in Michipicoten district, closed down in May last after a month's production yielded a recovery of only $2,399. The reorganization will leave roughly 1,800,000 shares in the treasury and not affect L. B. United's holdings of Lancour stock.

## Option Manitoba Property To Prospectors' Airways

From Our Own Correspondent

WINNIPEG. — Prospectors Airways have optioned the Gold Chest property, 35 miles east of Lac du Bonnet in the Little Bear Lake section. Gold Chest has been under preliminary development for a considerable time. Funds have been made available through a small Winnipeg syndicate. William Kilpatrick has been in charge of the work. Surface stripping and trenching have disclosed a satisfactory length and width and sampling reveals uniformly high values although little or no free gold is to be seen.

Prospectors Airways plans to immediately commence work on the Gold Chest and drilling is slated to begin as soon as a drill and crew can be got on the ground.

## Buffalo Ankerite Output $1,311,831 This Year

June production of Buffalo Ankerite Gold amounted to approximately $220,800 from 27,635 tons milled. Production for the first six months of the year has been as follows:

Production in 1937

| | Tons Milled | Total Recov. |
|---|---|---|
| January | 26,822 | $ 203,849 |
| February | 25,116 | 216,494 |
| March | 27,347 | 225,971 |
| April | 28,224 | 217,696 |
| May | 27,222 | 227,019 |
| June | 27,635 | *220,800 |
| | 162,426 | $1,311,831 |

*Approximately.

## Canada Northern Prospects Better

### Power Sales Are Expected from Mine Developments

From Our Own Correspondent

MONTREAL. — Prospect of increases in power sales is reported by Canada Northern Power Corp. in its quarterly report to shareholders.

Aldermac Mines has completed plans for an increase in mill capacity, which will result in a large increase in the power requirements. In the Cadillac district, a short distribution line is being constructed to the Woods Cadillac Mine, and Amm Gold Mines, which will both be utilizing electric power shortly.

**Build Feeder Line**

A feeder also has been completed to the mine sub-station at Payor Gold Mines, as well as to the workings of Cournor Mines, formerly known as the Treadwell-Yukon property. The contract for the supply of power has been signed at Quebec Manitou Mines, which property is located in the same section.

## Dentonia Mines Has Net Loss

### Report Shows Big Interest Now in Durango Mines

A net loss of $48,291 accrued to Dentonia Mines on operation of its property near Greenwood, B.C., where development operations have been suspended, annual report for the fiscal year ended March 31, 1937, shows. Some $33,368 spent on current development during the year produced practically no new ore, and milling operations, which were intermittent, were carried on from ore previously developed on the upper levels. Current development consisted of sinking a shaft to the 700-ft. level, and lateral work, none of which was productive of new ore. A cyanide plant was constructed and is now operating on the tailings dump, an operation which will, according to Nelson S. Smith, president, show a profit.

During the year, Dentonia Mines entered into an agreement with Durango Mines to provide $35,000 for the development of this property, which is in the Ymir-Sheep Creek area of B. C., and $130,000 for the installation of the mill. From first production, Dentonia is to receive $130,000 cash return and 1,650,000 shares of stock. Milling and development equipment of Dentonia has been sold to Durango, and is included in the advances made to the company.

At the annual meeting to be held July 17, a by-law authorizing reduction of the number of directors from seven to five will be submitted.

In a balance sheet as at the end of March, current assets of Dentonia are shown at $5,258. This does not include investments in Dominion Government, C.N.R., Provincial Government, and City of Vancouver bonds with a total market value of $33,723. In addition the company has investments in Province of Alberta bonds and shares in other companies. Current liabilities total $3,159.

Profit and Loss Account
Years Ended March 31

| | 1936 $ | 1935 $ |
|---|---|---|
| Net rev. from prod. | 60,303 | 363,629 |
| Misc. revenue | 7,008 | 2,693 |
| Total net income | 67,311 | 366,322 |
| Less: Prod't expenses | 82,514 | 177,222 |
| Admin. expenses | 15,317 | 21,147 |
| | 30,520 | 167,953 |
| Less: Depreciation | 16,337 | 10,844 |
| Depletion | ...... | 50,605 |
| | 46,857 | 106,504 |
| Less: Prov. mineral tax (est.) | 896 | 5,795 |
| Income tax | 538 | 20,386 |
| Net profit | *48,291 | 80,323 |
| *Deficit. | | |
| Earnings per Share: Earned | nil | $0.05 |

## Current Chatter From Manitoba

From Our Own Correspondent

WINNIPEG. — Forest fires are raging in the vicinity of Gurney Gold Mines, 15 miles north of Cranberry Portage and twice in two days it needed the entire crew to fight fires to save the property from destruction. While a considerable area around the mine buildings has been cleared, embers, carried by the wind fell dangerously close. Fire rangers in the district are all busy and the mine must principally rely upon its own force and its own water pumping equipment for protection.

* * *

**Errington Satisfied With Kenricia**

No announcement regarding mill installation at the Kenricia property, Kenora, can be made yet, according to Joseph Errington, who was a visitor to that and other properties in the vicinity during the week. He expressed satisfaction with the work done to date in opening up the ore bodies on both levels and said he anticipated a return in the near future.

* * *

**Canadian Prospecting Syndicate**

The recently formed Canadian Prospecting Syndicate Ltd., a Winnipeg group, has taken an option on two propertties at Eden Lake, a few miles from Consolidated Diana, but on the Ontario side of the interprovincial boundary. The properties optioned are the O'Hare group, the original discovery in the district and the Kilpatrick group, staked immediately afterwards.

A small crew has been sent in and the development syndicate plans to do sufficient work to make an intelligent examination and survey possible, before submitting it to other mining interests.

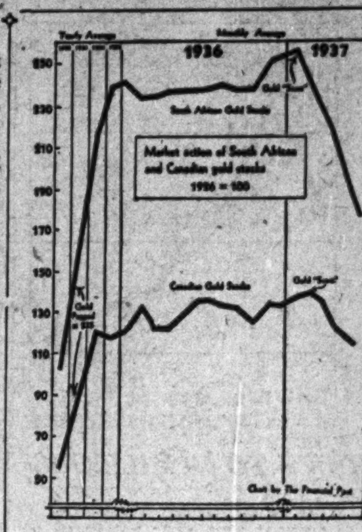
## Malartic Goldfields Develops Ore Zone

From Our Own Correspondent

MONTREAL. — Recent work on the property of Malartic Goldfields reveals an ore zone 1,100 feet long, with an average width of 3.5 feet and an average grade of $18, according to reports submitted to the board by J. P. Norrie, general manager,

# *Canadian Golds Approach U.K. Investment Standards*

By WILFRID SANDERS
Mining Editor, The Financial Post




Canadian gold stocks in the past few months have emerged from the "gold scare" in better condition, marketwise, than those of South African mines.

Based on the gold share index of The Financial Times, of London, South African stocks fell from a high of over 250 in March to a current low of around 170. Canadian stocks fell from a high of about 139 on the Dominion Bureau of Statistics' index to a current position of about 104. The trend of these two indices are shown in the accompanying chart.

The fact that Canadian stocks have shown a stronger resistance to the recent world wide break is rendered even more interesting when it is recalled that in Canada an accompanying factor has been fear of labor troubles in the mines. This fear has had an important effect on the market. South African mines have not had this additional depressive factor to cope with.

Financed almost 100 per cent by English capital, the price levels of South African mines are subject to the "mine psychology" of the English public, a psychology which differs in many important respects from that of the Canadian and United States public, from which Canada's gold mines draw their capital and their market support.

**Want Higher Yields**

It is well known, for instance, that all things being equal, the English investor demands a higher yield in his investment in mines than do investors in this country. This has been one of the reasons advanced for the comparative apathy of the Britisher to Canadian mines. For many years, South African mines have paid a higher yield than Canadian mines despite the fact that the risk is supposed to be far less on the Rand than in Canada.

However, one of the important results of the recent shake-out appears to be that Canadian mines are now paying a yield which compares very favorably with that paid by representative Rand mines.

The following five mines have been picked at random from the London Stock Exchange quotations, and their yield at current prices and on the basis of 1936 dividend payments estimated in round figures by The Financial Post. A comparison with the yield paid by five representative Canadian mines is illuminating:

| Mine | Divds. 1936 s. | d. | Yield % |
|---|---|---|---|
| City Deep | 2 | 0 | 7 |
| Crown Mines | 19 | 0 | 15 |
| Geduld | 15 | 0 | 9 |
| Randfontein | 5 | 0 | 10 |
| Robinson Deep | 4 | 6 | 7.5 |

These yields show up the yields being paid by the following Canadian mines in a very satisfactory light:

Canadian Mines

| Mine | Divd. $ | Yield % |
|---|---|---|
| Dome | 4.00 | 9.9 |
| Hollinger | 1.10 | 9.5 |
| Lake Shore | 5.00 | 10.1 |
| McIntyre | 2 | 5.5 |
| Teck-Hughes | 0.45 | 9.4 |

Temporarily at least, then, Canadian gold mines on a yield basis, should offer some attraction to the English investor. Certainly, as far as the future of gold is concerned, mines of the two countries stand to lose or gain by any change equally.

While structurally, South African and Canadian mines differ in many important aspects, chiefly in connection with blocking out ore ahead of the mill, the general policy adopted in the two countries since the price of gold was established at $35 has been strikingly similar. In both countries, a lower grade of ore was treated, thereby tending to reduce the ounce production of gold while increasing the value of production. Recovery per ton has accordingly dropped materially in the case of both countries. In the case of South African mines, recovery per ton fell from .324 ounces in 1932, to .233 ounces in 1936. Canadian tonnage figures are, unfortunately, not yet available for 1936, but a similar decline (although recovery per ton is higher in Canada) has been going on since 1932.

The conclusion therefore is that both South African and Canadian mines if faced by a lower market price for gold would be able to raise their recovery sufficiently to maintain something fairly close to present earnings levels.

It is this fact, incidentally, which provides a strong argument against any reduction in the price of gold as a means of curtailing production. Any such action would not curtail production measurably, if at all, for the next two or three years. The margin of profit on both Rand and Canadian mines is such as to enable them almost without exception, to continue operating on the present scale of profit.

## News Concentrates

**Delosha Porcupine Mines**—Reports the discovery of a new porphyry dyke on its property in Shaw twp. of Porcupine district. C. O. Smokler, mine manager, reports that this dyke may have an important influence on future work. The main vein, traced for 1,000 ft., has been opened for 400 ft. by surface blasting. Mr. Smokler says that gold was panned from this vein, which, as the pits are deepened, has widened to 15 ft. A second vein, traced for 800 ft. and paralleling the main vein, is also being blasted. The company has completed assessment work on its No. 2 group of claims tying on to the Delora twp. boundary.

* * *

**Doreva Gold Mines**—In Bousquet twp., Quebec, in sinking a new prospect shaft to the vein disclosed by No. 12 drill hole in recent work. Timbers are being framed to continue the original shaft-sinking programme to the 300 ft. level and machinery has arrived at the property. When the level is reached drifting and crosscutting will be done. Crews are now preparing to strip and trench other parts of the property where free gold showings are said to be sufficiently important to warrant exploration and subsequent diamond drilling.

* * *

**Harpers Malartic Gold Mines** — Has arranged finances and called tenders for a minimum of 5,000 ft. of diamond drilling. Company holds about 1,000 acres adjoining Dubuisson Goldfields in Malartic twp., Quebec. William Ward, M.E., in charge of operations, regards as favorable the finding of a contact passing through part of the property. Favorable structural conditions exist for deposition of gold in the northern part of the holdings, where numerous quartz stringers and veins, varying in width from a few inches to a maximum of 3 ft. occur.

* * *

**King of the North Gold Mines** — Block "B" of Beauchastel twp., Temiscaming county, P.Q., formerly the property of King of the North Gold Mines, will be sold at public auction as a mining concession for Superior Minerals on July 14, 1937, in the office of the Deputy Minister of Mines and Fisheries, Parliament Bldgs., Quebec City.

**North Huron Gold Mines**—Has cut the vein in No. 1 zone at a vertical depth of 248 ft. with drill hole No. 8, reports Mining Research Corp., in charge of this Algoma property's development. The hole was spotted 300 ft. east of the point of the farthest previous vein intersection. No. 8 hole is still in the vein, the vein material being blue quartz.

* * *

**Shenango Gold** — Has practically completed the new cyanide unit at the Oba property in Algoma district and expects the entire plant to be in production shortly. Jack Owens, in charge of operations, reports that shaft is now down over 25 ft., going down on a new vein which is reported to have shown free gold with practically every round. Latest samples from the bottom are said to have run $55.30 and $36.05 gold, while some assays have gone considerably higher, it is reported.

* * *

**Williamson Mines** has engaged H. B. Hatch, B.A.Sc., to spot a series of diamond drill holes at its Porcupine property. First hole is being sunk in a zone reported to be favorable to deposition of gold. Results are expected to be available shortly. Surface exploration has disclosed encouraging values and widths.

* * *

**Gillies Lake Porcupine**—Bernard N. Hyman, owing to pressure of other business, has resigned the presidency of this company, remaining a director. F. O. Tidy, formerly a director, has been elected to succeed Mr. Hyman.

* * *

**Lapa Cadillac Gold** advises the Toronto Stock Exchange that an additional 90,000 shares have been taken up at 40 cents per share under option agreement of Nov. 30, 1936, covering the balance of July 15 and Aug. 15 installments. Balance of the option covers 75,000 shares at 40 cents per share and 200,000 shares at 50 cents per share. Total issued capital is 2,676,765 shares.

* * *

**Mentor Exploration & Development** has sold 24 of its 27 claims in Rouyn and Beauchastel twps. of Quebec, to Abbeville Gold Mines for an unstated amount of cash and stock. The property adjoins the Stadacona mine to the west. Mentor Exploration is retaining the three claims adjoining the block and intends to explore them by diamond drilling later. Its main interests are in Sudbury Contact, Wiltsey-Coghlan and Abbeville Gold Mines.

* * *

**Monetary Metals** at its annual meeting received shareholders' approval of the by-law to increase the capital of the company from one million shares to 1.5 million shares. Assays of diamond drilling being done on Monetary Metals' Red Lake property were not available, C. E. Powell, president, told the meeting, but its neighbors in the area, Altura, Red Crest and Gold Rock, were securing encouraging results. Part of the additional capital will be turned into the Porcupine properties.

* * *

**Planet Gold Mines** has selected a site for the sinking of a two-compartment shaft and will establish its first level at 100-ft. depth, where drifting and crosscutting will be done in four directions.

* * *

**Red Crest Gold Mines** advises the Toronto Stock Exchange that it has received payment for a further 15,000 shares at 35 cents per share under option agreement of Mar. 20, 1936. Balance of option covers 355,000 shares at 35 cents per share and 500,000 shares at 50 cents per share. Total issued capital is 2,145,000 shares.

* * *

**Ronda Gold Mines**, which is a consolidation of Neville Canadian and Sharon Gold Mines in Shining Tree area, has stopped work pending the raising of additional funds. Development to date, it is reported by officials, has been satisfactory. A small maintenance crew is being kept at the property.

* * *

**Southern Golds** is drilling to establish the persistence of the vein structure to depth on the property in Piedmont, S.C., and plans to send out a shipmont of ore shortly for test purposes. Other known surface occurrences will be explored as underground work goes on. From the limited amount of work so far done on these occurrences, it is thought likely that they will yield other sources of ore. The veins so far located occur in a mineralized zone known to have a length of 2,500 ft. and width of 600 ft.

* * *

**Westwood Cadillac Mines**—Cores from diamond drill holes Nos. 1 to 4 show wide zones carrying heavy mineralization, says Julius M. Cohen in a progress report. Across 2½ ft. sample No. 8 from No. 1 hole returned $7. From hole No. 2, sample No. 68 across 2½ ft. returned 5.70 oz. or $199.50, but no values were obtained from hole No. 3. Additional samples are being taken from these cores.

## Kiena & Wisik Stop Work Seek Additional Financing

The twin properties of Kiena and Wisik Gold Mines at Lake Dubuisson, Quebec, have suspended mining operations pending the raising of additional finances, The Financial Post is informed. The shut-down is regarded as only temporary, and in the meantime the shafts will be kept pumped out and a small crew maintained on the holdings. Between them, Kiena and Wisik control a large acreage in the lake and on the east and west shorelines.

Underground development at Wisik, which is on Moccasin Island, a short distance from Kiena, recently disclosed 300 ft. of ore averaging $8 in value over eight feet. Work at Kiena has disclosed a flat-lying ore body which has been opened for about 200 ft., running 60 ft. wide and 10 ft. thick, it is reported. Average grade here was estimated at $10 in gold per ton.

## Lake Rowan Reports Good Values in Tunnel

Lake Rowan Gold reports that the tunnel being driven into Discovery Hill on its Red Lake property has advanced about 600 ft. along the mineralized zone, with good values indicated so far. Two drill holes put out east of the mouth of the tunnel have been completed and both are reported to have intersected vein formation. Values from assays completed to 438 ft. are: station 405, $145.60; 414, $101.85; 418, $84.20; 423, $41.30; 428, $30.10; 433, $35.90; 438, $53.90.

The development programme is said to be proving up an interesting formation, with indication that the vein system continues over a considerable length, with a possibility of joining up with the wide shear zone.

Capitalization is three million shares. Of these, 1,975,407 were issued and outstanding as at March 31, 1937, and of this amount 975,000 shares are pooled until Oct., 1938. As at Mar. 31 of this year the company reported on hand, in cash and marketable securities, a little over $200,000, with only small current liabilities.

## Thompson Cadillac Plan Mill Expansion

From Our Own Correspondent

MONTREAL.—Changes necessary to increase the capacity of the Thompson Cadillac mill are now being made, according to Andrew Walz, vice-president and managing director. The mill capacity will be increased to 175 tons daily.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## Commonwealth Petroleum Gets Eastern Directors

At the annual meeting of Commonwealth Petroleum Ltd. in Calgary, eastern representation was added to the board of directors, in the persons of Newton Wylie, Toronto broker president of Capital Interests Ltd. and of Parka Gold Mines, and Lionel C. West, managing director of Pre-Cambrian Investments Ltd. The board now consists of Newton Wylie, president; D. J. Young, vice-pres.; S. A. Annand, sec'y-treas.; Lionel C. West, Toronto; D. L. Redman, W. H. Honens, L. F. Clarry, K.C. all of Calgary. H. E. McKitrick was appointed assistant secretary. Arrangements have been made for opening of an office in Toronto.

## Hard Rock Gold Mines To Use 150-ton Mill

Directors of Hard Rock Gold Mines, in the Little Long Lac area of Ontario, have decided that the mill to be placed on the property will be of 150-ton capacity, with provision to increase capacity, when development warrants, to 200 tons per day. Construction will start as soon as possible.

Drifting has started on the 375- and 475-ft. levels, and while the ore body has been contacted, no values are available to date. The raise on the 250-ft. level about 150 ft. west of the shaft has encountered good ore. On this level about 725 ft. of ore has been developed on the 201 vein with both faces still in ore.


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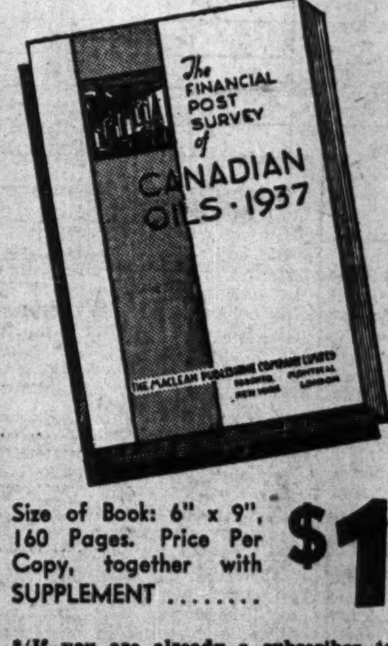


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# Turner Output Jumped By $150,000 a Month At Cost of $40,000

## Acidization of Six out of 13 Producers Increases Flow from 90,000 Barrels to 180,000 Barrels — No Failures Yet

From Our Own Correspondent

CALGARY. — Crude oil production has been nearly doubled in Turner Valley during the past month without a single new well being brought in. The secret is acidation. The acid treatment of six out of 13 crude producers has nearly doubled the total output of oil. A month's production at the present daily flow would total more than 180,000 barrels of crude oil as compared with about 90,000 barrels, the total output of the 13 wells for a month before acidation came to the Valley.

An expenditure of less than $40,000 has brought an increase of more than $150,000 a month in the returns from the sale of Turner Valley crude.

Before the advent of acidation the daily output of the 13 wells totalled something like 3,010 barrels or 90,300 barrels per month. The average price paid for Turner Valley crude at the well-head is $1.70, making the crude oil industry, as at one month ago, worth about $153,500 per month. Today the daily production is greater than 5,965 barrels or 178,950 barrels monthly, valued to the industry at more than $304,215 per month.

**No Failures Yet**

A dividend of $110,000 in one month for an outlay of $40,000 is an even better investment than the original oil well. And to date the percentages of failures is nil.

In three of the six wells acidized, the operation involved extra expense which should not be encountered in the future. When drilling was completed and production found at Turner Valley Royalties, Westside and Foundation, all three derricks were dismantled and removed from the lease. At that time it was not thought that there would be any further use for them and the salvage was too valuable to waste. Acidation was never considered. But to acidize a well, tubing must be run inside the casing and to run tubing a derrick and draw-works are absolutely necessary. When acidation was planned for these three wells, it was first necessary to erect new derricks and install machinery. The cost was more than triple the cost of the actual acidation. No such extra expense was met at either of the Sterling-Pacific wells of Advance 5A where the derricks, being made of wood and with little salvage value, were left standing.

**Cost of Acidizing**

In all cases, the charge made by the acidizing contractor to run an average dose of 5,000 gallons of acid is in the neighborhood of only $2,100, and ordinarily that would be all the expense involved.

Acidation has been slow in coming into prominence in Turner Valley partly due to the peculiar nature of the limestone formation. No form of acid used effectively in other fields would react suitably with the Turner Valley lime and a special formula had to be devised. To make the standard hydrochloric acid effective, it was necessary to add a penetrant, a substance which would carry the acid far into the lime through the pores, thus giving it a greater area to act upon. A second factor which slowed up acidation was that until only recently there were no crude oil wells, and while there were a large number of naphtha producers, acidation is not effective in naphtha or gas wells.

**How to Acidize**

The principle of acidation and the operation of acidizing an oil well are not complicated. The well is opened up for a short time to lower the pressure. A tank truck with pumping apparatus is hooked up with a string of small diameter tubing which runs inside the casing to the limestone level. Then the acid is pumped from the truck and carried by the tubing to the lime. Here it is forced far out into the tiny pores or tunnels which honeycomb the limestone.

It is in these pores or small cavities that the oil is stored. After the oil has been drained from the pores in the immediate vicinity of the well, rock pressure or hydro-static pressure forces more oil into them from farther out, and it is in this way conducted to the well. When the oil travels through these small "pipes" on its way to the well, it leaves a deposit of wax which closes in the opening and impedes the further passage of oil. The acid loosens the wax deposits and also dissolves other mineral deposits. By so doing, the quantity of oil which can be conveyed to the well is increased.

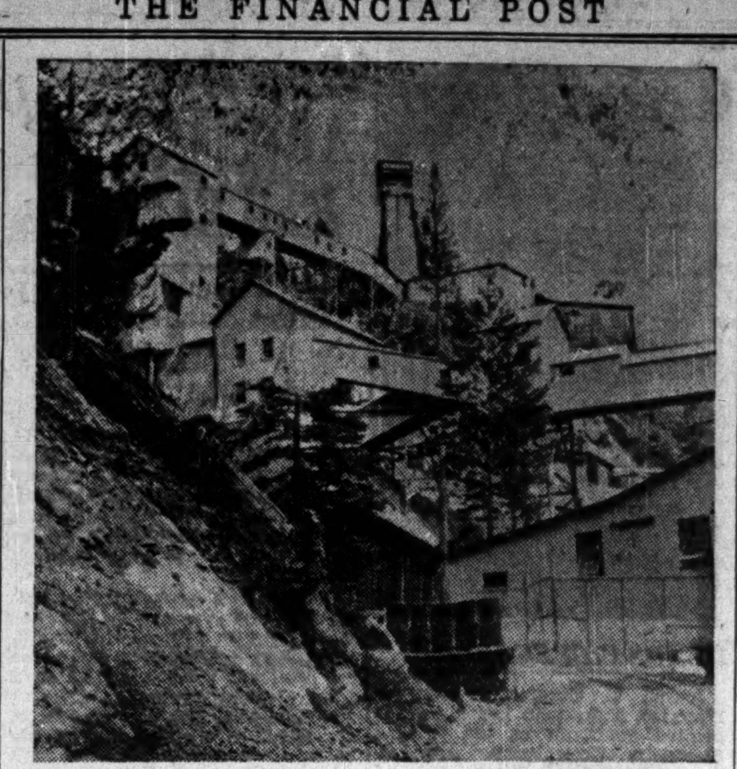
In the operation, hundreds of barrels of oil must be poured into the well on top of the acid in order to hold it in the formation against the natural pressure of the gas and oil. After the acid is left in contact with lime for a certain period, the well is closed in and pressure built up. When the well is reopened, it will start blowing of its own accord. For the first few hours, production is far greater than normal, as the spent acid and loading oil are blown out with the oil and gas from the limestone. This "flush" production quickly settles and in a short time the well will begin to flow steadily at a new high level.

**Acidize Every Three Months**

How often a well can be given this rejuvenating treatment is questionable, but at present it is planned to retreat the wells about every three months. It is too soon yet to know the ultimate results of acidation, but it is believed that the first two or three treatments will result in an increase in production, and that subsequent treatments would maintain the peak flow..

Following are the latest available figures on production. Out of several score producing wells in Turner Valley, the Government classifies only 13 as crude oil producers. The figures given are the average daily production before the first well, Sterling-Pacific No. 3, was acidized, the increase in daily production resulting from the acid treatment and the present daily flow. In calculating the value of the oil, an average price is taken of $1.70 per barrel of 35 gallons at the casing-head:

| | Former Bbls. | Increase Bbls. | Present Bbls. |
|---|---|---|---|
| Advance 5A | 40 | 85 | 125 |
| B and B | 600 | .... | 600 |
| British Dominion No. 4 | 90 | .... | 90 |
| Century | 109 | .... | 100 |
| Foundation | 225 | 375 | 600 |
| Model (2 wells) | 150 | .... | 150 |
| Miracle (2 wells) | 100 | .... | 100 |
| Sterling-Pac. No. 3 | 80 | 220 | 300 |
| Sterling-Pac. No. 4 | 900 | 1,000 | 1,900 |
| T. V. R. | 500 | 1,000 | 1,500 |
| Westside | 225 | 275 | 500 |
| | 3,010 | 2,955 | 5,965 |



***BRIDGE RIVER VETERAN***

One of the largest producing gold mines in British Columbia is the operation of Pioneer Gold Mines, which got its start after placer gold had been discovered along the banks of Cadwallader Creek in 1886. The actual property was not staked, however, until 1897. The property, which has been a steady dividend payer since 1931, is currently experiencing a period of apparently lowered grade. It is pointed out, however, that there still remains plenty of ground between the bottom of the new shaft and the upper workings to be explored. The above view, taken by The Financial Post, shows the operation from across Cadwallader Creek.

## Ore From Flin Flon Gold Passes Smelting Tests

WINNIPEG.—The gold-silver and copper content of Flin Flon Gold Mines can readily be recovered by smelting, result of tests of more than three tons of the ore just received by the company's office indicates.

The matte obtained from smelting this ore assayed 7¾ ounces gold, 18 ounces silver and 5.95% copper, having a value of $295 per ton of matte.

This, officers of the company say, means saving of considerable money on installation of equipment for treating the ore as it is estimated the smelting equipment will cost about one-third as much as roasting and milling equipment previously considered necessary.

## East Malartic Blocks Out Ore

### Million Tons Indicated to 400-ft. Level — Sink New Shaft

From Our Own Correspondent

MONTREAL.—Diamond drilling on the boundary ore body of East Malartic Mines has indicated a tonnage in excess of 1 million tons of approximately $8.30 grade to the 400-foot level, according to a report of J. P. Norrie. This ore has an average width of 35 feet.

The firm of Futterer and Reid has been engaged as consultant and upon the recommendation of Edward Futterer, a four-compartment shaft is now being sunk at a point one thousand feet from the west boundary of the property.

It is planned to sink this shaft to the 200-foot level and if diamond drilling results are checked with an exploratory drift at this level, it is planned to proceed with construction of a 500-ton mill.

## Red Crest Gold Mines Increase Issued Stock

From Our Own Correspondent

MONTREAL. — Red Crest Gold Mines has notified the Montreal Curb Market that 15,000 shares at 35 cents a share have been taken up under the terms of the option agreement. This brings the outstanding shares up to 2,145,000; leaving 855,000 shares under option, including 365,000 shares at 35 cents a share and 500,000 shares at 50 cents a share.

# Reports Heard From Patricias

## Bain Sponsored Mines Hold First Annual Meetings

Reports on three properties sponsored by H. R. Bain & Co. were supplied at recent annual meetings of Gateway Patricia, Winoga Patricia and Kaw-Crow Patricia.

Gateway Patricia Gold has completed about 12,000 ft. of diamond drilling on its Pickle Lake-Crow River property. The first nine holes showed good mineralization but little gold was found in the cores, shareholders were told. Results appear to be improving as work progresses toward the north, and north of the river favorable results are being obtained from a zone striking west. A small drill is working on the western part of the property.

Two of the five zones indicated by a geophysical survey have been the centre of most of the drilling so far. Drilling indicated wide shear zones on these two most northerly zones, but gold values were erratic and grade not commercial. The other three zones are now being tested by diamond drilling. This work should be completed some time in October.

As at May 31, 1937, current assets were $49,625, consisting of $35,575 cash and the remainder investment in Pickle Crow Gold Mines. Current liabilities were $4,324.

**Winoga Patricia**

Winoga Patricia has suspended diamond drilling at its Pickle Lake-Crow River property as the results of 30,000 odd ft. of drilling so far done have been inconsistent and failed to show any continuous sections of ore grade. Before further drilling is done it is thought advisable to await underground results from the adjoining property of Albany River Gold Mines.

In the absence of W. H. Poupore, president, Dana Porter told shareholders that a small crew is carrying on surface work at the property, exploring new ground. Balance sheet as at May 31, 1937, showed current assets amounting to $123,325, two main items being $66,218 cash and investments of $35,600. Current liabilities were $4,099. As of July 9, cash amounted to $62,108 and investments consisted of 5,000 shares of Pickle Crow Gold Mines. The development account shows total expenditures from inception of operations to May 31, 1937, at $82,422.

The development account shows $44,544 spent on the property to May 31 of this year. Capitalization is 3,000,000 shares, 1,700,006 issued as at Dec., 1936.

**Kaw-Crow Patricia**

Kaw-Crow Patricia, adjoining Pickle Crow and Winoga Patricia on the east in the Pickle Lake-Crow River area of northwestern Ontario, has so far secured disappointing results from work at the property, shareholders were told. No showings of any promise or importance were disclosed by extensive surface work, a geophysical survey and diamond drilling.

Last year Kaw-Crow staked additional claims, but as results here were also disappointing, work was suspended. Some trenching is now being done, there being considerable ground yet to be explored. After 41 holes, aggregating 21,635 ft. had been drilled, diamond drilling was discontinued in June last.

Current assets at May 31, 1937, were $46,673, including $31,384 cash and investments of $13,950. Current liabilities were $3,722. Working capital at July 9 were $25,555 cash and 2,000 shares of Pickle Crow Gold Mines. Total expenditures from the inception of operations to May 31 last were $63,086.

Kaw-Crow is capitalized at 3,000,000 shares, 1,700,006 shares issued as at Dec., 1936, of which 500,000 shares were pooled.

## Yama Option Position Clarified By Statement

Under the underwriting and option agreement between Yama Gold Mines and Gold and Metals Exploration Co., The Financial Post learns that approximately 400,000 shares have already been taken up. This, with the 1.1 million vendor shares issued, makes a total of about 1.5 million shares issued.

Remaining under option are 450,000 shares on the following scale:

| No. of Shares | Price Per Share $ | Expiry Date |
|---|---|---|
| 100,000 | 0.15 | Oct. 15, 1937 |
| 50,000 | 0.15 | Dec. 31, 1937 |
| 100,000 | 0.15 | Mar. 31, 1938 |
| 200,000 | 0.20 | July 15, 1938 |

# Your Mining Stocks

The Financial Post offers to subscribers a special mail service of information on Canadian mining securities. Letters of general interest will be published anonymously.

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### Jacola

I had 4,000 shares of Greene Stabell stock for several years. I subscribed to stock of a new company at 50 cents a share. I understand this stock is now down to 35 cents a share. What is wrong?

Your stock in Greene Stabell Mines was exchanged for stock in Jacola Mines, the new company. So far as we are aware the decline in the market value of this stock is due to general market conditions and not necessarily to any development at the property. The company has been shaft sinking, an operation which does not lend itself to much important development news as a general rule. At latest report the shaft was down to the 1,000-ft. level, and a station is being cut.

### Britcana Gold Mines

Please furnish us with any information you have available regarding Britcana Gold Mines and also what is the current price of the stock, as we are unable to find any quotations in any of the financial papers.

Britcana Gold Mines is capitalized at 3 million shares of which 1,500,005 were issued at the end of last year. The company holds eleven claims in Bryce twp., Temiskaming district of Northern Ontario and is starting shaft sinking under power, the mining plant being ready for use and capable of carrying operations to 350 foot depth. Encouraging values are reported to have been obtained from preliminary work on number one vein which has been proved by surface work and diamond drilling for about 300 feet.

It is expected that about 30 feet of crosscutting at 135 feet, where the first lateral work will be done will reach the vein which is dipping toward the shaft.

At the time of writing, unlisted dealers quote us a price of 40 cents per share for this stock.

### God's Lake Gold

I hear so many conflicting reports as to what is doing at God's Lake Gold Mines, that I am appealing to you, a paper which I have always found reliable, for a summary of the situation at this property. At present prices I show quite a loss on my stock.

God's Lake Gold Mines owns a producing gold mining property in the God's Lake area of Manitoba. A 160-ton mill started production in September, 1935, and was recently increased to a daily capacity of 200 tons. Last year, on the 150 ton basis the company earned approximately 3.5 cents per share on the common stock. It is possible that under the new tonnage, earnings this year will be in the neighborhood of 5 cents per share, which would indicate that a market price of 50 cents per share is fairly representative.

At the end of 1936 working capital amounted to $37,812. In 1936 average recovery was around $11.74 per ton, with total cost at $9.67 a ton. Ore reserves have been maintained well in advance of mill requirements and broken ore reserves at the end of April last stood at around 30,000 tons as compared with 25,800 tons at the end of the year. Total calculated reserves at the end of 1936 amounted to 136,500 tons grading 0.27 ounces per ton.

Briefly, this company is in experienced and honest hands but ore developments underground have been rather disappointing and have not lived up to the high hopes which were held for this property. On the other hand, the stock at 50 cents per share is about ten times earnings, the normal ratio, and the company has extensive property as yet unexplored. It seems probable that only a major discovery underground will affect the market price of the stock, although it is in general likely to move with the general current of gold mining stocks. The company is capitalized at 3½ million shares, all of which is outstanding. The stock is of no par value.

### Okalta Oils

The writer will be obliged if at your convenience you will kindly advise the present status, outlook, or any other details of interest you may have regarding Okalta Oil.

Okalta Oils owns petroleum and natural gas properties in Turner Valley, Alberta. The company also owns 64% of the outstanding preferred stock and 33% of the outstanding common stock of Antler Gold Mines Ltd. The latter company operates a placer gold dredging property in British Columbia and is a source of some income to the company although particulars are not made available.

Subleases and options completed since Oct. 1, 1936, on portions of the company's holdings mostly in the southwestern section of Turner Valley, require at least ten wells. Gross royalty payable to the company on production from the wells will be 10% if production is less than 500 barrels per day and 15% if more than 500 barrels.

The company's income for the past two years has been derived from interest on investments including $35,000 principal amount of Dominion and Dominion guarantee bonds, and others on operating sources.

A loss from operations amounting to $8,732 in 1936 and $6,355 in 1935 have been carried forward leaving a debit balance in revenue account of $15,087 at the end of 1936. Working capital at the end of 1936 was $28,181 compared with $11,319 in 1935. This amount does not include Dominion and C.N.R. bonds having a par value of $35,000 and a market value of $39,200 at the end of 1936. Until the wells in which this company is interested on the west flank of Turner Valley are completed, the stock will, of course, remain speculative. The location of this company's drilling sites are regarded as favorable and the company's future success will be almost entirely dependent on results obtained from this drilling.

### Golden Gate

Would you be good enough to let me know any information you may have relative to the location of Golden Gate, its present stage of development, the size of the ore body, if known, the assay values, the ability of the management, and in particular the present financial position of the company—that is to say, whether it has sufficient money to carry on for some time. As a subscriber to your paper, I would appreciate hearing from you.

Golden Gate Mining Co. Ltd., owns and is developing a group of six claims at Swastika, Ontario, in the Kirkland Lake District, formerly held by Lucky Cross Syndicate and Kirkland Gateway Gold Mines. The property was acquired for 1,100,000 shares.

The shaft was dewatered in 1936 and lateral work carried out on the 200 and 350 foot levels. Drifting on the 200 foot level has uncovered a vein 40 feet in length averaging $8 per ton across 42 inches. On the 350 foot level a total length of 400 feet of ore has been uncovered in the No. 304 ore body. One hundred and thirty feet of No. 303 ore body assayed $60 over six feet. Diamond drilling also indicated another vein southeast of the No. 303 vein on this level.

The second shaft located about 300 feet east of the No. 1 shaft has been opened by a raise from the 350 foot level on the No. 1 shaft. Installation of electric power has been completed and this shaft is to be carried to a depth of 750 feet with the first level started at 500 feet to intersect the downward extension of the No. 303 ore body. This programme is estimated to entail an expenditure of about $121,500.

To date work has not progressed far enough to estimate ore reserves, and all that can be said at the present time is that the company has initial encouragement.

Golden Gate is capitalized at $3 millions. At June 10, 1937, $2.1 millions had been issued. Vendors' shares are pooled and comprises one million shares issued to Kirkland Gateway and one hundred thousand shares to Lucky Cross Syndicate.

A total of $70,000 had been paid into the treasury up to Jan. 21, 1937, by Junior Gold Securities Ltd., which also holds option on additional 750,000 shares to net the treasury $212,000.

### Candalaca Gold Mines

Please give me your opinion on Candalaca Gold Mines. What is the company doing at present?

Candalaca Gold Mines is currently drilling a deep hole to about 1,000 feet on its property adjoining O'Brien in Cadillac twp., Quebec. The hole is expected to cut the mineralized conglomerate belt at approximately 800 feet. Values up to $2.80 have so far been secured over a five foot length, according to Colin A. Campbell, mining consultant. The company has had to contend with an overburden from 20 to 90 feet thick in drilling.

The company is capitalized at three million shares, of which some 1,700,000 have been issued.

This property is still an out-and-out prospect and its stock is accordingly highly speculative. A considerable amount of work will have to be done before it can be classified as anything else.

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# Newsprint Men See Demand for Product Near Maximum Supply

## Survey Indicates Sellers' Market — Expansion Seen Hinging on Higher Newsprint Price or Lower Price for Other Pulp Commodities

**From Our Own Correspondent**

MONTREAL. — The margin between newsprint supply and demand is now slightly less than in 1929, and indications definitely point to a sellers' market, according to a survey of newsprint and the world market, prepared by the Newsprint Association of Canada.

World demand for newsprint reached its depression low in 1932, the report says, with total of just under 6.3 million tons, a drop of over a million tons below 1929. Last year's total was 8.2 million tons. The 1937 total, on reports to date, is estimated at just under 8.9 million tons, an increase over 1936 of 658,000 tons, or 8%. This latter total exceeds 1929 by over 1.5 million tons and is a recovery of 2.6 million tons, or 40% from the 1932 low.

In its survey the association states: "An outstanding feature of the upswing has been its growth outside North America. While demand from the United States last year was still less than in 1929, the rest of the world had exceeded 1929 by over 1 million tons. The United States now constitutes 45% of the world market against 52% in 1929 and 54% in 1927. A large part of the 1937 increase, however, is in the United States.

### Continued Growth

"World consumption outlook is for continued growth. Per capita figures show some countries apparently near saturation, but a large part of the world still with relatively low consumption due to illiteracy, undeveloped newspaper advertising and artificial restrictions of censorship and currency. Such countries represent a large potential consumption. Japan, China, India and Latin America appear to have entered a period of consumption growth similar to the 1919-1929 period in the United States.

"In the United States, figures of newspaper circulation and advertising linage and expenditures provide a basis for calculation and consumption trend. Circulation is now highest on record but newspaper advertising is still distinctly below 1929 and has lost ground to radio and magazines.

### World Supply Changes

"World supply, or available capacity, has shown interesting changes since 1929. The main features are withdrawal of high cost U. S. and German mills to the extent of some 675,000 tons, but substantial capacity increases in British Isles, France and other countries in the form of conversion mills. Depression conditions encouraged construction of conversion mills because imported pulp and wood, on which they depend, were available cheaply. Such mills showed capacity increase of at least 700,000 tons between 1930 and 1935, but the conditions which induced their expansion are now reversed.

"Net change in world capacity since 1929, it is estimated, has an increase of over 1.5 million tons. Of this total, 925,000 tons occurred in the three years from 1930 to 1932. In the last five years the net increase has been only 623,000 tons.

"Total world capacity available in 1937 is estimated at 9,160,000 tons. This means a maximum possible production of a similar quantity in 1937, assuming all available machines continue in operation from Jan. 1. Some production time has been lost in the first six months, notably in France, and the 9,160,000 is consequently reduced to some extent. Actual 1937 maximum is now probably little, if any, over nine million tons.

"In 1938 some additional capacity will become available. The known net increase will be 315,000 tons and there is estimated further possible increase of 170,000 tons. Total capacity available in 1938, or maximum possible production in 1938, is estimated at 9.5 million tons.

### Carryover Into 1938

"Stocks of newsprint held by manufacturers and consumers are an element in 1938 supply. Demand in 1937 undoubtedly includes purchases in excess of 1937 consumption and extra inventories may be carried into 1938. Total visible stocks in North America on May 31 were 118,500 tons higher than a year ago, and overseas stocks may also increase. Stocks are, however, an extremely small percentage of world consumption.

### World Demand and Supply

"The combined figures of world demand and supply give the following results:

"In 1932, world demand was 1,044,000 tons below 1929 and capacity had increased 925,000 tons. The margin between the demand and supply in 1932 was thus almost two million tons greater than in 1929.

"In 1937, estimated world demand was 1,556,000 tons above 1929 and capacity increased 1,548,000 tons. The margin between demand and supply is thus almost exactly the same as in 1929.

"The 1937 margin between demand and available supply appears to be 125,000 to 285,000 tons.

"The 1938 world margin between demand and supply depends on whether consumption continues upward and to what degree. Maximum possible production in 1938 will be about 9.5 million tons. This appears to allow consumption increase in 1938 of 625,000 tons, or 7%. Consumption increase in 1937 over 1936 is 658,000, or 8%, and in 1936 over 1935 was 589,000 tons or 7.7%.

### Survey Future Supply

"Some margin between worldwide supply and demand is, of course, essential to provide for production and shipping contingencies.

"While the 1937 margin between world demand and supply appears to be the same as in 1929, or slightly less, the 1937 situation differs from 1929 in several important respects. For example:

"(1) In 1929 the world was on the edge of depression; in 1937 it is in recovery.

"(2) In 1929 large blocks of new newsprint capacity were under construction or in prospect; in 1937 the new construction was practically negligible.

"(3) Since 1929 world consumption of wood pulp has increased by over four million tons a year and wood resources of the North American countries have been tapped to an extent which indicates the end of expansion there.

"(4) Only one quarter of this increase in world pulp consumption has been due to newsprint; the other three million tons increase has been caused by growth of other pulp producers, including important new commodities, containers, artificial textiles and plastics.

### Question of Pulp Usage

"Future expansion in newsprint supply is therefore not only a matter of mill construction, as it was in 1925-1929, but of available wood and pulp supply in competition with other pulp products. There is no doubt as to ability of many existing mills to expand their capacities by speeding up and plant improvements, when necessary expenditure is justified. This potential capacity might be sufficient to obviate construction of new mills or machines for some time to come. The real future doubt appears to lie in the economics of obtaining or using wood pulp produced in competition with the profit to be derived from other pulp products.

"An examination of the relationships between pulp, newsprint and other paper prices show that although newsprint prices are advancing, prices of pulp and other products have advanced more rapidly and that, at present, wood is more profitably used for products other than newsprint.

"This situation indicates that, to induce any large expansion of world newsprint, there must be either a rise in the world newsprint price level or a drop in prices of other pulp commodities sufficient to bring profit possibilities toward approximate equality."

# Strike Affects Consol. Paper

## Rival Unions Battle for Recognition by Company

**From Our Own Correspondent**

MONTREAL.—Operations at Consolidated Paper Corp.'s Wayagamack plant, at Three Rivers, have been suspended by a strike called by the International Brotherhood of Paper Makers and the International Brotherhood of Pulp, Sulphite and Paper Mill Workers, which seek recognition as the sole bargaining agency in the corporation's plants.

At present the company recognizes the National Catholic Syndicate of Paper Workers, but the spokesmen for the two international unions say they outnumber the members of the syndicate and called a strike in an attempt to oust the syndicate as the official union.

Operations at other plants in the St. Maurice Valley, including the Consolidated Paper plant at Grand'-Mère and the International Paper and St. Lawrence Paper plants at Three Rivers, are not affected by the strike.

It is anticipated that if the international unions are successful in their fight for recognition, they will seek to negotiate agreements for wage levels similar to those which boosted pay of pulp mill workers in Ontario some weeks ago. Generally speaking, National Catholic unions in other Quebec industries are more reasonable in their demands as to wages and working conditions, and more conciliatory than other union organizations in adjusting disputes.

*HEADS POWER BOARD*

Joseph T. Gingras, lawyer, of Waterloo, P.Q., who has been appointed chairman of the Quebec Electricity Commission. Appointment of Leonard Prefontaine, of Sherbrooke, as vice-chairman, was announced last week. Other members of the reconstructed commission include: Charles E. Dube, of Riviere du Loup; Dr. O. Lefebvre; and A. McCammon. The latter two were members of the old board. Another appointment of interest to the Quebec power industry is the naming of M. H. Gagne, of Montreal, as chairman of the Quebec Streams Commission, in succession to the late Hon. Mr. Mercier.

# U. S. Publisher Wants Enquiry Of Paper Cost

## John Perry, A.P.A. President, Suspects Combine Operating

### ASKS FEDERAL PROBE

**From Our Own Correspondent**

MONTREAL. — John H. Perry, president of the American Press Association and publisher of several southern newspapers, has threatened to press for investigation by the Federal Trade Commission of an alleged trade conspiracy between the newsprint manufacturers. He charges violation of the United States District Court decree in 1917, which broke a "newsprint trust" in a case tried under the Sherman Anti-Trust Act.

Mr. Perry reports that a representative of a Finnish newsprint concern had told him the price for newsprint in 1939 would be increased $9 a ton; and that this was the price set by an organization which represents and speaks for practically all the paper manufacturers in the world.

Mr. Perry is quoted by Editor and Publisher as saying: "The fact that all companies gave notice of the advance in price effective the same date, (January 1, 1938), the same price, ($50 per ton for the North American mills, while foreign mills agreed to lessen their differential from $10 to $5 a ton), makes a prima facie case that all of this wasn't coincidence. It was arranged as a part of the conspiracy to gouge the American publishers out of many millions of dollars. The increase means a cost to the Hearst newspapers of $4 millions; the Scripp-Howard newspapers $1,500,000 and all other publishers in proportion to their tonnage."

### Bring Up Old Ruling

Mr. Perry recalled a final decree in United States Court for the southern district of New York, November 26, 1917, United States vs. Mead et al, in which the newsprint manufacturers were found guilty of conspiring to set prices. In the decree, the Newsprint Manufacturers Association was dissolved and each corporate defendant was perpetually barred from carrying into further effect the combination for regulation of competition; concerted action working for higher prices of newsprint paper; establishment by concerted action of uniform prices, terms or conditions of sale; and concerted working to discourage others from manufacturing newsprint paper.

This action by the Government was against Spanish River Pulp and Paper Mills, International Paper Co.; Minnesota and Ontario Paper; Laurentide Paper; Gould Paper Co.; Abitibi Paper Co.; Kimberly Clark Co.; and nearly a score of other companies.

### Simple to Start Enquiry

All that is necessary to start an investigation of the newsprint manufacturers to determine if they are violating the terms of this decree is to have the Assistant Attorney-General, who handles anti-trust cases, write a letter to the Federal Trade Commission, directing it to investigate the alleged violation.

W. G. Chandler, chairman of the Newsprint Committee of the American Newspaper Publishers Association, has transmitted Mr. Perry's comments and information to the executive board of the A.N.P.A.

# Crop Damage Affects C.P.R. Rail Earnings

## Other Departments May Offset Smaller Grain Traffic

### ALGOMA BONDS

**From Our Own Correspondent**

MONTREAL.—Hopes of substantially higher earnings in the current year for the Canadian Pacific Railway have been blasted by the crop failure in western Canada and by higher costs due to wage increases for employees.

Despite these adverse factors it is possible that earnings in 1937 will show slight improvement over 1936, when $4.39 a share was earned on the preferred stock and four cents a share on the common stock.

Earnings of the company from movement of wheat will certainly be lower than last year but it is possible that the decline in revenue from this source will be more than offset by income improvement from other operations. Wheat moved by the company during the past two months has been substantially below the same period of 1936, The Financial Post is informed, yet net earnings have recorded small increases due to increased traffic from other sources.

### Will Reduce Expenses

During the early months of 1937 the C.P.R., spent money in expectation of a good crop movement. Steps are now being taken by the company to reduce expenditures in order to offset in part at least the prospective decline in revenues.

On July 9 about 800 men were laid off by the company at its Angus shops here. The lay-off, the company states, was necessary because all necessary work has been done on rolling stock and the company is ahead of requirements for this year. While no definite statement has been forthcoming from the company it is understood that the lay-off is related in part to the crop prospects in the West.

### Steamship Traffic Better

Not only did rail revenues improve during the first half of the year, but a good increase has also been shown by steamship and hotel operations. The company's steamship unit benefitted substantially from the Coronation traffic this spring and the increase in spring traffic has not resulted in less summer traffic. The company's hotel business has recorded a betterment as a result of increased tourist business.

Perhaps the brightest spot in the picture is the possibility of an increase in dividends from Consolidated Mining and Smelting Co. In 1936 the C.P.R. received $3.3 millions in dividends from Smelters and in the current year to date has received $2.5 millions as a result of a distribution of a dividend of 50 cents a share plus a bonus of $1 a share on July 15. Expectations are that a similar disbursement will be made at the end of the year so that the total amount will exceed $5 millions.

### Algoma Branch Bonds

Refinancing of company's Algoma branch 5% 1st mortgage bonds, of which there were £750,000 outstanding and which matured on July 1, last has been completed through the issuance of £827,400 of perpetual 4% consolidated debenture stock. Holders of 5% Algoma branch bonds were offered the right to convert their holdings into perpetual 4% debenture stock at the rate of £100 of 4% stock together with a cash payment of £7 10s. for each £100 Algoma branch bond held. This offer expired on June 23 and the portion of the new issue not taken upon under the exchange offer was underwritten by a syndicate of British investment houses.

# Dosco Will Make Union Check Off

## Company Agrees But Won't Recognize Plan as Obligatory

**From Our Own Correspondent**

MONTREAL.—Dominion Steel & Coal Corp. has announced its willingness to make weekly pay deductions for union dues and transmit payments from deductions to union officials. The deductions, it was stated, would be made "without prejudice to the company's contention it is not obliged to make the deductions or bear expense of the check-off."

The arrangement was made in conference between representatives of the company, the Nova Scotia department of labor, and the Sydney branch of the Amalgamated Association of Iron, Steel, and Tin Workers, C.I.O. affiliate.

A majority of Dosco steel workers voted for the check-off some weeks ago, but implementing of the vote has been delayed by confusion as to the interpretation and application of Nova Scotia's new union legalizing law. This statute requires employers to put the check-off into operation if a majority of employees vote for it and if individual employees subsequently request such deductions from their pay.

Employers are also compelled to "bargain collectively" with agents of trade unions representing majorities of workers, but there is no provision to determine whether a union represents a majority or not and nothing to compel making of agreements with unions or recognition of sole bargaining rights.

# Gordon & Belyea Clears Off Arrears

Gordon and Belyea, Ltd., Vancouver ship chandlering firm, reports improvement in sales and working capital in the six months ended May 31, 1937.

The company has eliminated the last 2½% of dividend arrears on the first preferred shares. A payment of 4% was made on the preferred stock on July 2, including 1½% current quarterly payment.

W. G. Murrin, president of B. C Power Corp., has been elected a director of Gordon & Belyea.

# National Light Earnings Well Above Interest

McLeod, Young, Weir & Co. reports that National Light & Power Co., Moose Jaw, had earnings of $88,108 available for bond interest after depreciation in the first five months of 1937, equivalent to 1.7 times the bond interest charges.

For the first five months of 1936, earnings amounted to $92,707, or approximately 1.8 times bond interest requirements.

# C. N. Steamships Having Big Year

## Business to Date and Advance Bookings Far Ahead of Last Year

**From Our Own Correspondent**

MONTREAL. — Passenger traffic business of Canadian National Steamships during the first four months of this year reveals a marked increase in southbound bookings from Boston and from Montreal since the St. Lawrence navigation season opened.

An analysis of the traffic up to the end of April shows an increase over similar period of last year of 94.1% in bookings on the Leeward and Windward Island cruise; 20.9% increase in the Barbados cruise; 54.4% increase in the Trinidad cruise and 28.2% increase in the Jamaica cruise.

Since the St. Lawrence season of navigation opened, the number of passengers carried from Montreal to Jamaica have increased by 100% over the same period of 1936.


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